Daily Report

Latin America

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Further Reportage on G-15 Summit in Buenos Aires

Venezuela's Caldera Addresses Summit

PA0811141095 Caracas Venezolana de Television Network in Spanish 0200 GMT 7 Nov 95

[FBIS Translated Text] The fifth summit of the Group of 15 [G-15] being held in Buenos Aires was officially inaugurated today.

President Rafael Caldera urged the countries of the North and South to have an open and constructive dialogue so as to achieve a true peace with ample economic development and greater social justice for the world. The president made those remarks during the first working sessions of the heads of state and representatives of G-15 countries.

Caldera said Venezuela looks kindly upon the reasonable expansion of this group to seek solutions to the problems the member countries are experiencing. In this regard, he mentioned poverty, drug trafficking and terrorism, and the foreign debt. Coordinated efforts are required, however, to be able to face these situations, particularly in the developed and developing countries, in order to be truly successful.

Before this meeting, the president met with Argentina's main economic and industrial leaders. He urged the countries of Latin America to cooperate in strengthening the competitive presence of the region in an increasingly globalized world:

[Begin Caldera recording] Therefore, these meetings we are holding, such as the meeting the G-15 is holding in Buenos Aires, provide an opportunity for each one of us to do one's share so that that contribution is incorporated into the trend that must seek the welfare of mankind. One cannot regard the end of the Cold War as a reason to end the North-South dialogue.

The differences between the developed North and the developing South remain, and justice demands that they be studied, confronted, and resolved in an atmosphere of harmony so that the objectives of peace and liberty can be achieved. [end recording]

The most important aspect of President Caldera's trip will come in Uruguay, where he is expected to sign an energy agreement that will allow the installation of a Venezuelan Petroleum Inc. refinery in that nation.

Malaysia's Mahathir Views Summit

BK1011022795 Kuala Lumpur BERITA HARIAN in Malay 9 Nov 95

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Buenos Aires, Wednesday [8 November] — Datuk Sri Dr. Mahathir Mohamed believes the commitment shown by the Group of 15 countries (G-15) during the summit that concluded here last night should be continued — particularly among the Latin American countries.

The prime minister said that if it is not continued the Group of 15 developing nations will sink, because the developed nations in the G-7 will continuously move forward and their actions could leave the South countries behind.

While describing the summit as more successful than the one held in New Delhi last year, Dr. Mahathir said the Latin American countries, which were previously inactive, are currently making rigorous efforts and are becoming friendlier both during the summit and outside of it.

Touching on his unfailing attendance at the summit since it began five years ago, Mahathir said: "In my opinion, this meeting was more successful than previous ones. This was beyond my expectation."

Speaking to Malaysian reporters last night, Dr. Mahathir said that the poor attendance at the meeting in New Delhi in May last year — particularly the absence of delegates from Latin America — was due to poor timing.

He said: "We must accept the fact that several leaders must deal with serious domestic problems and cannot leave their country. This issue needs to be considered."

According to him, the G-15 has been successful at boosting trade among its member countries. Malaysia's trade with Latin America has increased as much as 300 percent despite the fact that Malaysia previously had no relations whatsoever with the Latin American countries.

He added: "Today, our relations have become closer. They have accepted us, and likewise, we have accepted them through the G-15. We also know that numerous leaders from Latin America are interested in visiting Malaysia and have urged us to visit their countries and conduct exchange visits among officials."

The prime minister said that attention was focussed during the meeting on trade among the G-15 and the South countries as well as ways to overcome problems concerning trade issues.

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It is clear that the member countries are determined to make the G-15 successful. Apart from fostering cordial ties among government leaders, particularly among those who frequently attend G-15 meetings, the meeting also concentrated on issues of mutual concern.

Because every member nation acts independently, it is important for several nations to cooperate in an effort to achieve a desired goal.

Dr. Mahathir also said the government leaders agreed with Malaysia's proposal on further boosting air, sea, and telecommunication connections among the member countries. [passage omitted]

On his meeting with Argentine President Carlos Menem after the closing of the meeting last night, Dr. Mahathir said they held discussions on further boosting relations between the two countries.

He said: "We want Malaysia to become a bridge as well as a gateway that will enable relations to expand between Latin America and the Southeast Asian countries.

"I also drew the president's attention to Malaysia's eagerness to participate in several privatization projects in Argentina. Menem welcomed the proposal and agreed to provide us with two bridge construction projects."

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Conclusion of Armies of Americas Conference

Argentina's Menem Addresses Meeting

PY1011024695 Buenos Aires TELAM in Spanish 2032 GMT 9 Nov 95

[FBIS Translated Excerpt] Bariloche, 9 Nov (TELAM) — President Carlos Menem today emphasized here the key role played by the Armies of the Americas in strengthening the regional democratic processes, allowing a rapprochement between the Armed Forces and the civilians.

Menem today emphasized the "key role played by the Armies of the Americas in strengthening the democratic processes of the Americas on the basis of their profound respect for the institutions of the respective democracies."

Addressing the 21st Armies of the Americas Conference (CEA) in Bariloche, the president emphasized that this respect "allows a substantial rapprochement between the Armed Forces and the civilians."

Addressing the commanders of the Armies of the Americas, the president emphasized "the historic value that this goal has for our fatherland," hinting at the strengthening of democracy. [passage omitted]

Menem added: "Nowadays, wars are not waged against a huge enemy army that can be identified by its uniforms. Struggles are different today. Struggles now are waged against terrorism and drug trafficking, which, camouflaged under suits and ties, act cowardly, mixed among the people." [passage omitted]

This issue "does not evade" the topics reviewed by the representatives from the Armies of the Americas: the "challenges for a state-nation, consequences for continental security, and the effects on the Armies of the Americas."

In this regard, Menem indicated: "The joint challenge for the heads of government and the Armed Forces actually involves carrying out joint actions, combining policies and courses of action with specific strategies and actions."

Menem emphasized: "Reality urges us to use all the mechanisms required to defuse the two most explosive bombs; namely, terrorism and drug trafficking." [passage omitted]

The president finally expressed to the CEA participants his satisfaction over the contributions to "all those things involving the possibility of championing democracy, liberty, and peace, which represent basic goals for man, the beginning and end of all things.

Ecuadoran General Views Need for Peace

PY1011132295 Quito Voz de Los Andes in Spanish 2300 GMT 9 Nov 95

[FBIS Translated Text] General Paco Moncayo Gallego, Ecuadoran Ground Forces Commander General, today warned that the lack of basic agreements on the border dispute with Peru may impede the achievement of a permanent peace between the two countries.

He added that he met with his Peruvian colleague, General Nicolas de Bari Hermoza Rios, within the framework of the 21st conference of Armies of the Americas which they are attending along with 22 other military chiefs in Bariloche, Argentina.

Moncayo Gallego said: I met with the Peruvian Army chief on some occasions but we only discussed issues pertaining to the conference and social issues.

He added: We are implementing a successful peace process which has been defined within the framework of an agreement. This agreement has been upheld and no other bilateral meeting is scheduled outside of the framework of what has already been established.

About the future, Moncayo said that Ecuador is willing to sit at the negotiation table to achieve a definitive solution and thus follow the example that Chile and Argentina have shown to all Latin American countries. He was thus alluding to the agreements that Chile and Argentina signed in 1994 [as heard] to resolve 24 century-old border disputes.

Moncayo Gallego said: Ecuadorans are pleased that peace has been restored and that ties are being normalized. We did not cause the conflict that unfortunately took place. We tried to avoid it by all means.

He added that Ecuador confronted Peru in legitimate self defense, that is, we answered an aggression.

Moncayo said: Beyond those indispensable tools for the enforcement of normal relations and measures of mutual confidence, if there is no peaceful solution based on international agreements, century-old territorial disputes will continue.

He added: This may impede the prevalence of a permanent peace in our nations which is the aspiration of the Ecuadoran and Peruvian people.

Regarding Peru's position on this issue, he said that within the framework of the signed agreement, both parties are obliged to discuss a definitive solution to basic issues which unfortunately separate Ecuador and Peru.

The Ecuadoran military leader was also asked about the acquisition of Argentine weapons by Ecuador during

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the conflict with Peru. According to the Argentine President, this arms shipment was heading to Venezuela but it was diverted to Ecuador by middlemen.

Moncayo said: Arms business transactions are not necessarily conducted by official organizations. There is a special arms supply mechanism that is especially put into operation during conflicts.

He added: Argentina has given a very convincing explanation about these negotiations and I believe it.

Moncayo Gallegos said that in the next Conference of the Armies of the Americas, which will be held in Ecuador, the main issue of discussion in this meeting will be the peace support missions both at the international and domestic levels and the support that land forces can provide to promote development, peace, and security.

Conference Conclusions Highlighted

PY1111020195 Madrid EFE in Spanish
1555 GMT 10 Nov 95

[FBIS Translated Text] Bariloche, Argentina, 10 Nov (EFE) — The Armies of the Americas warned today that poverty, terrorism, environmental degradation, drug trafficking, and border conflicts are the main challenges capable of "destabilizing" nations in the wake of the "Cold War," challenges which "must be taken up."

The threats were identified in this order in the summary of the conclusions of the 21st Conference of the Armies of the Americas (CEA), which closed in the city of Bariloche, located 1,700 km due south of Buenos Aires.

The document, which was released to the press some hours prior to the closing ceremony states that "it is the conviction of most participants that the defense of democracy constitutes one of the most important missions of the armies."

It goes on to say that "the armies' central mission is, according to the participants' unanimous opinion, the defense of the independence, sovereignty, and self-determination of peoples."

The document states, moreover, that "the existence of conflicts, as a category of social relations, can be verified in events occurring in modern times."

The military chiefs deem that the emergence of new problems places the Armed Forces in a position to cooperate in peacekeeping operations conducted "within the framework of the United Nations or other international organizations."

The summary of the CEA conclusions further states that the military is also willing to cooperate in environmental protection endeavors and "in the development of the peoples."

The novelty in the deliberations of the CEA in Bariloche, in which representatives and chiefs of 24 armies of the Americas participated, was to include social problems on the list of challenges facing the armed forces.

For the first time ever, the military considered that social conflicts may constitute a destabilizing factor for nations.

This is clear proof of the shift which occurred in military thinking following the crumbling of the former Soviet Union and the Eastern bloc, which in the past were considered a common enemy of the armies of the Americas.

In general terms, the armies of the Americas believe that they may prove to be a useful tool for the civilian power in the search for progress for the peoples.

The armies of the Americas intend to cooperate with those measures geared to ensuring peace and security — values that, in their view, are "essential" for successfully completing development processes.

The threats posed by drug trafficking and terrorism were analyzed from the standpoint of each country's domestic situation. Nevertheless, all participants were of one mind about the need to come to grips with them.

Most of the delegations argued that the armies can cooperate in those struggles by providing logistics or information support, as there are laws in force in many countries of the Americas banning the armed forces from intervening in domestic conflicts.

The question of drug trafficking was uppermost in the minds of the heads of the armies of Bolivia, Colombia, Ecuador, and Peru, which are the most weighed down by the power of drug trafficking gangs, and they wanted it to be the central issue of the meeting.

The only one who made his voice heard to warn that Communism "continues to be latent" and waiting in ambush to capture "the ignorant public," was the commander in chief of the Chilean Army, former President General Augusto Pinochet.

Deliberations began at the Llao-Llao Hotel in Bariloche on 6 November. The military chiefs from 24 countries participating in this meeting discussed the "challenges facing nation-states."

Addressing the CEA on 9 November, President Carlos Menem contended that "terrorism and drug trafficking" constitute the great threats menacing nations, and spoke of the need to find mechanisms to counter them based on the idea of "continental borders."

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The military officers meeting in Bariloche underscored the "full integration" existing between the armies of the hemisphere and the need to find "common points and strategies" to confront various challenges.

The CEA approved the reinstatement of Nicaragua as a member of this forum this year. Nicaragua had been suspended in 1979, when the Sandinists seized power and created the so-called People's Army.

Ecuador will be the venue for the next CEA meeting, the topic of which will be the "participation of the armies of the Americas in countries' domestic development and in cooperation endeavors in matters of security and international peace, within the framework of a democratic society."

Conference Closes in Bariloche

PY1111024395 Madrid EFE in Spanish 0021 GMT 11 Nov 95

[FBIS Translated Text] Bariloche, Argentina, 10 Nov (EFE) — The 21st Conference of the Armies of the Americas was brought to a close today in the city of Bariloche, in southern Argentina, in a touching ceremony in which the delegations were bidden farewell while a military band interpreted the tune of the well-known tango "Adios Muchachos."

General Martin Balza, chief of staff of the Argentine Army, delivered a brief closing speech in which he underscored the high degree of integration and friendship uniting the armies of the Americas and reviewed the points on which a consensus was reached during the meeting.

The military chiefs met in this city located at the foot of the Andes mountain range, some 1,700 km due south of Buenos Aires, for five days in order to identify the most important challenges facing nation-states.

A brief declaration released to the press on the opening day [as received] stated that there are "potentially destabilizing" situations like poverty, border conflicts, environmental degradation, drug trafficking, and terrorism, challenges which must be confronted.

Gen. Balza also stressed that the armies must defend national independence and sovereignty, democracy, and the self-determination of peoples..

The closing ceremony took place in the gardens of the luxurious Llao-Llao Hotel — where the conference was held — against the backdrop of snow-capped mountains.

A military band interpreted several military marches and folk songs from several countries of the Americas, so much so that it paraded in front of the chiefs of the armies of the Americas playing the aforementioned tango, the first words of which are: "Good-bye guys, my lifelong pals."

The next conference, which will be held in Ecuador in 1997, will have as its central subject the debate concerning the contributions that the armies can make to the development of their peoples.

OLADE Secretary Urges 'Flexible' U.S. Policy on Cuba

PY1011223995 Quito Voz de Los Andes in Spanish 1700 GMT 10 Nov 95

[FBIS Translated Text] Francisco Gutierrez, secretary general of the Latin American Energy Organization, OLADE, said that a flexible U.S. policy toward Cuba would make it possible to support the Cuban energy industry.

Gutierrez added that this flexibility and the solidarity expressed in support of Cuba by the Latin American and Caribbean countries will allow the materialization of private capital and technology for electrical and hydrocarbon projects.

Gutierrez made these comments during the preparatory session of the 25th ministerial meeting of the OLADE, which opened yesterday afternoon in Quito.

Bolivian, Uruguayan Foreign Ministers View Mercosur

PY0911162795 Madrid EFE in Spanish 0025 GMT 7 Nov 95

[FBIS Translated Text] Montevideo, 6 Nov (EFE) — The Uruguayan and Bolivian foreign ministers today agreed on highlighting the "advances that have been achieved in the negotiating process" between the Andean country and the Common Market of the South [Mercosur].

In a joint statement, Uruguayan Foreign Minister Alvaro Ramos and Bolivian Foreign Minister Antonio Aranibar Quiroga, who today began a two-day official visit to Montevideo, reiterated the importance of the future "Free Trade Agreement Plus One" between Mercosur and Bolivia, which will have "full participation."

In the document, the two ministers acknowledged the need to rationalize and strengthen the functioning of regional organizations of integration and cooperation and how to adapt them to new realities through the reorientation of their functions.

Ramos and Aranibar insist "the importance of the dialogue between the countries of the Rio Group and the EU, and on the large number of topics that will be discussed during the sixth institutionalized meeting that

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is scheduled to take place on 15 and 16 April 1996 in Cochabamba, Bolivia.

The two foreign ministers also reaffirmed the priority that their governments assign to the Paraguay-Parana River Highway project in order to consolidate the physical and economic integration of the River Plate Basin countries.

During his first day in this country, Aranibar met with his Uruguayan colleague, Alvaro Ramos and with Hugo Batalla, Uruguayan Vice President and president of the Senate.

Together with Ramos he then went to Government House, where he met with President Julio Maria Sanguinetti, with whom he discussed Latin American integration, among other topics.

At the Foreign Ministry, Ramos adorned Aranibar with the Republic decoration for his "outstanding work" in promoting bilateral relations and for his "decided support" of the regional integration process.

After this ceremony, Aranibar and Ramos had an informal meeting with the secretary general of the OAS, the Colombian Oscar Gaviria, who in Montevideo is presiding over a seminar on probity and civic ethics with which he intends to contribute to the implementation of measures to fight corruption.

On 7 November, Aranibar will visit the seat of ALADI (Latin American Integration Association), where he will meet with the members of the Committee of Permanent Representatives, he will attend a cocktail party and will visit the new Bolivian Embassy in Uruguay.

After meeting with Montevideo Mayor Mariano Arana, Aranibar will visit the Uruguayan Central Bank, where he will give a conference on the capitalization process in Bolivia. He will then hold a news conference, his last public activity.

He will conclude his official visit on 8 November.

Bilateral work groups will meet at the same time in the Uruguayan Foreign Ministry to evaluate relations, the progress of the Parana- Paraguay River Highway, which will give Bolivian exports an outlet to the sea through Uruguayan ports, and Bolivia's approach to Mercosur, which includes Argentina, Brazil, Paraguay, and Uruguay.

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Cuba

Castro Meets With European Union Officials

PA1111211995 Havana Radio Havana Cuba in Spanish 1300 GMT 11 Nov 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro met in Havana with a European Union delegation that left Friday for the capital of Belgium following a visit to explore the possibility of signing an economic cooperation agreement between the Caribbean nation and the European bloc.

The head of the delegation, Yago Pico de Coana, who is director of the Iberian-American Department of the Spanish Foreign Ministry, characterized the meeting with the Cuban president as friendly.

The visiting group, composed of Spanish, French, and Italian delegates, established contact with many Cuban Government officials and people.

The group will now present its conclusions to the European Council which will be the one to decide on the initiation of negotiations for signing an economic cooperation agreement with Cuba.

European Nations' Participation in Havana Fair Grows

PA1011040595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 6 Nov 95

[Report by Daisy Gomez; from the "NTV" newscast]

[FBIS Translated Text] [Gomez] Two-thirds of Cuba's foreign trade is done with the European nations. This clearly explains their significant participation in the 1995 Havana International Fair [FIHAV]. For the first time, the EU mounted a pavilion in this fair and 13 of its 15 member nations were represented by the products of 68 companies of all types. Greece is one of three European nations to make its debut in this event.

[Unidentified Greek businessman, in English with simultaneous translation into Spanish] It is the first time we come to Cuba because we feel there is a potential in the Cuban market and it can also allow us to penetrate into Latin American and the Caribbean. I believe we have great possibilities because the geography, climate, and people of Greece and Cuba share similarities.

[Gomez] But for others, such as this Austrian businessman, the fair has already become familiar territory.

[Unidentified Austrian businessman] We want to revive the (Pirolib) brand because our brand has been sold in Cuba for many years. What happened was that sales dropped during the special period and now there is a boom in the economy again that we view as profitable and beneficial for the two parts.

[Gomez] The EU has also used this event to lecture Cuban businessmen on its trade rules. The European participation in the recently concluded FIHAV 1995 was marked by larger number of pavilions. Spain and Italy were among the five most represented countries and Spanish firms were among the most awarded of the foreign firms at the event. But there are foreign firms that have also come here by way of third countries, such as the German firm (Helman), which was represented by its Canadian subsidiary. There are many ways to improve the trade links between Cuba and Europe. Carlos Lage, vice president of the Council of State, mentioned several aspects regarding their significance.

[Lage] I think the fair is an indication, not just with the EU pavilion but the individual pavilions of some of these EU countries, of our broad relations with European companies. We have long-standing trade relations with companies in the food and machinery imports business. In fact, during these past few years of the special period, some of these relations have picked up again and are tending to grow.

[Gomez] The EU delegation is arriving soon. Do you have a comment?

[Lage] We are ready and in the best frame of mind to begin the talks.

Robaina: Embargo 'Flagrant Violation' of Human Rights

PA0911131895 Havana Cuba Vision Network in Spanish 0100 GMT 8 Nov 95

[Report by Maribel Acosta from the "NTV" newscast — passages within quotation marks recorded]

[FBIS Translated Text] For the first time in Cuba, specialists and high-ranking officials from various countries have met to discuss the protection of citizens' rights.

At the opening session at the Convention Palace, Foreign Minister Roberto Robaina said today the blockade against Cuba is a flagrant violation of human rights. He also said the island will not accept the imposition of a special rapporteur:

[Robaina] "We will not allow his visit or permit him to achieve his objectives through other UN mechanisms, although we respect that international organization a great deal. In turn, we highly appreciate and voted in favor of the high commissioner for human rights, and we will always back him, provided he demonstrates his impartiality."

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With approximately 300 delegates from Cuba and 25 countries present, the protection of citizens' rights, family rights, children's rights, together with criminal and labor rights, and the right to a healthy environment will be discussed until 10 November and in various commissions. Robaina said today civil rights are not an effective guarantee without respect for life:

[Robaina] "What opinion and, much less, what responsible election can an illiterate person make about any of the problems of the society in which he lives when the real contents of his freedom of expression are already limited by his condition of ignorance."

Meanwhile, Cuban Attorney General Juan Escalona Reguera said this meeting is closely related to modern day Cuba:

[Escalona Reguera] "In holding this forum, we cannot ignore the transformations that occurred during the last decade in our country."

The issue of citizens' rights is gaining interest internationally and has two essential perspectives, as part of this world: That of the rich and that of the poor. Nevertheless, common efforts seem to be indispensable for the six billion residents the planet will have in the next century.

ANPP President Meets With EU Delegation

PA0911230195 Havana PRENSA LATINA in Spanish 1330 GMT 9 Nov 95

[FBIS Translated Text] Havana, 9 Nov (PL) — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government, met with a high-level delegation of the European Union (EU). The EU delegation is on a visit here to set the basis for a possible agreement of economic and commercial cooperation with the island.

In the meeting, held last night, Alarcon stated his interest in the exploratory talks the EU delegation has been conducting with local authorities since Monday. Yago Pico de Coana, general director of Foreign Policy for the Ibero-American area of the Spanish Foreign Ministry, is at the helm of the EU delegation.

Yesterday, the mission held a meeting with Foreign Trade Minister Ricardo Cabrisas. The day before, the EU mission held "an open exchange of opinions" with Jose Luis Rodriguez, minister of Economy and Planning, and Francisco Soberon, president of the National Bank of Cuba.

Other members of the EU delegation include Alan Rouquie and Giuliu Cesare Piccirilli, general directors for Latin America of the French and Italian Foreign Ministries, respectively. Today, Foreign Minister Roberto Robaina and Ernesto Melendez, minister of foreign investment and economic cooperation, will receive the group.

According to sources close to the delegations, the busy work agenda includes for tonight a meeting to outline the conclusions of the visit at the headquarters of the Cuban Foreign Ministry and a farewell reception offered by Spanish Ambassador to Cuba Eduardo Mirapeix.

Held in a climate of strict discretion, the talks seek to establish a "framework of understanding" for the development of relations between the EU and Cuba, according to a statement by Pico de Coana upon his arrival in Havana.

Cuba is the only Latin American state that has not yet signed an agreement of economic and commercial cooperation with the EU.

Investment Possibilities With Spain Viewed

PA0911170495 Havana Radio Rebelde Network in Spanish 1255 GMT 3 Nov 95

[Report by correspondent Mariela Diaz Rodriguez in Havana fair; from the "Doing Radio" program]

[FBIS Translated Text] The computer network of the Spanish Chamber of Commerce is part of the EU exhibit in the Havana fair. This network is called Camerdata, and it supplies information to enterprises, to conduct business within Spain and in other countries. We spoke with Camerdata Director Agustin Oller:

[Begin recording] [Oller] I was pleasantly surprised by the development of technology in the computer sector in which our enterprise operates. We want to sign projects to develop in 1996 — joint projects, where cooperation becomes very important. We plan to market high quality data bases in Spain, and perhaps throughout Europe with the foreign trade minister. There is also an interesting project with (Viamondi) enterprise in Latin America, which might end up with the creation of a compact disc with general and specific business information that we might sell in all Ibero America.

[Diaz] What do you think of the new Cuban foreign investment law?

[Oller] I believe that is a first step that needs to be developed, to confer greater guarantees to enterprises willing to establish business in Cuba. It is important to understand that enterprises are motivated by profits. It would be beneficial to all if the new law guaranteed profits, and the possibility to recover and transfer them. [end recording]

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Spokesman Rejects U.S. Criticism Over Travel Permits

PA0911215395 Havana PRENSA LATINA in Spanish 2058 GMT 9 Nov 95

[FBIS Translated Text] Havana, 9 Nov (PL) — Cuba today rejected categorically the criticism made by the United States over the recent measures announced by the Cuban Government to ease the travel of Cuban nationals residing abroad and termed it interventionist.

"The United States believes it is predestined by history to tell us, Cubans, every time it can what we must do and how we must do things," Foreign Ministry spokesman Miguel Alfonso affirmed.

The Cuban Government announced last Monday, during a meeting with over 300 emigres who reside abroad, the decision to allow Cuban nationals to freely enter the country as many times as they want with a special travel permit, valid for and renewable every two years.

The measure, which was broadly applauded by participants, only excludes those who participate "in hostile actions" against their country of origin or who commit offenses in their place of residence.

"We do not demand that those who come have the same ideological or political thoughts as we do, we only demand respect for the sovereignty, the country, and the people who reside on the island," Foreign Relations Minister Roberto Robaina stressed, when making the announcement.

State Department spokesman Nicholas Burns on Tuesday said that the decision does not entail a significant change in the policy of Havana, because it excludes those who support the economic blockade against their country of origin in the United States.

After accusing the Cuban Government of "totalitarian dictatorship," Burns declared that "the selective election" represents — in his opinion — a violation of the Human Rights Declaration and of international law contrary to what the U.S. people believe.

"They always try to tell us what we must do. They cannot resist that temptation," Alfonso underscored while noting that Washington will never be happy with anything that is done in Cuba.

"Let no one be deceived. They will only be satisfied when they see the revolution on its knees (overthrown). Until that happens, everything that we do will not be enough; everything will be incomplete," the spokesman remarked.

As part of its policy of economic blockade against the island, the United States bans trips to the island not only of U.S. citizens but also of Cuban residents, barring exceptional and strictly humanitarian cases.

This measure, which only applies in the case of Cuba for political reasons, was broadly criticized during the second "The Nation and the Emigration" Conference, which ended last Monday at the Convention Palace in this capital.

Eloy Gutierrez Menoyo, who considers himself a member of the opposition to the Havana Government, welcomed the measure and called on the United States to lift the restrictions imposed against Cubans to visit the island or send economic aid.

"The United States, which has many times advanced in this regard but has not fully done so, should now make a goodwill gesture so that all restrictions existing until now be lifted," concluded Menoyo, one of the participants at the event.

Cooperation Agreements Signed With PRC Group

PA1011130595 Havana Radio Rebelde Network in Spanish 1800 GMT 3 Nov 95

[Report by Jorge Perez; from the "National Radio News" newscast]

[FBIS Translated Text] Two cooperation agreements were signed by a delegation from the Construction Ministry of the PRC with its Cuban counterpart and a sponsor group of the Chinese district in Havana.

The Chinese delegation ended its visit to Cuba following the signature of two cooperation agreements. The delegation was headed by (Tang King Ying), deputy construction minister of the PRC.

The first one of the agreements contains the commitments made by the construction ministries of both countries to increase the exchange of information on the use of construction materials under tropical conditions and high degrees of humidity, computerized programs for various construction designs, as well as the holding of courses and conferences.

The second one of the agreements was signed by the sponsor group of the Chinese District in Havana, which states the interest of the PRC's Construction Ministry in cooperating in the remodeling of the Chinese District in Havana.

During the conversation with the PRC delegation, the secretary of the Executive Committee of the Council of Ministers of Cuba, Carlos Lage, and Construction Minister Juan Mario Junco del Pino expressed their satisfaction over the agreements signed and thanked the

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Construction Ministry of the PRC for cooperating with Cuba in the construction field.

Iranian Commerce Minister Meets With Sugar Minister

PA1111022395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Iranian Commerce Minister Yahya ol-Eshaq is visiting Cuba at the head of a large delegation to discuss current and future bilateral trade relations.

Ol-Eshaq met Sugar Minister Nelson Torres and expressed his interest in strengthening economic cooperation in the sugar sector, which is currently the first Cuban industry. He also met Ernesto Melendez, foreign investment and economic cooperation minister, and Government Minister Wilfredo Lopez [title as heard].

Ol-Eshaq met Foreign Trade Minister Ricardo Cabrisas upon his arrival this morning in Havana. During this meeting, he ratified Iran's position against the U.S. blockade on Cuba.

The Iranian delegation includes economic specialists, such as representatives of the Iranian oil company, the Central Bank, the Tehran Chamber of Commerce, officials of the Foreign Ministry, and legislators.

Cuba and Iran highlighted their will to work together to foster economic and bilateral trade relations.

Commission: Bilateral Ties With Mexico 'Promising'

PA1211005195 Havana PRENSA LATINA in Spanish 0152 GMT 11 Nov 95

[By Julio Fumero]

[FBIS Translated Text] Mexico City, 10 Nov (PL) — As a meeting by the Intergovernmental Commission for Economic and Industrial Cooperation ended, Mexico and Cuba today agreed here that their bilateral ties have a promising future.

For two days, delegations from the two countries revised, among other aspects, the state of the commercial and financial relations and the exchange in tourism, transportation, communications, and energy matters and stressed the promotion of investments in the island and its exports to Mexico.

In statements to PRENSA LATINA, Raul Taladrid, Cuban foreign investment and economic cooperation vice minister, stressed the good development of the meeting, in which he explained details of the foreign investment law recently approved in this Caribbean country.

Precisely on this occasion, it was agreed to start the contacts that could lead to a likely bilateral agreement on the promotion and protection of Mexican investments.

The results of the meeting were quite good, Taladrid pointed out. He also announced that these works will continue next year in Havana, even though periodic follow up controls are being verified.

Marcos Prodencio, multilateral affairs director of the local foreign relations secretariat, made a similar positive assessment of the meeting. In addition to emphasizing the similitude of interests, he was optimistic about the prospects in this area.

Among these prospects, Prodencio mentioned the increase in Mexican investments in and the commercial exchange with the island, especially the import of Cuban products, as a significant step to attempt to correct the existing imbalance in imports, which favors Mexico.

The two chiefs of the delegations described the atmosphere that prevailed during the talks as friendly and fully cooperative, even though they were not held to make basic commitments, but to analyze and give continuity to specific working areas.

Taladrid and Prodencio agreed that a new phase in the broadening and improvement of the relations between the two countries was opened today.

Trade Minister Interviewed on Sugarcane Harvest

PA1011035395 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Nov 95

[Interview with Foreign Trade Minister Ricardo Cabrisas by reporter Felix Fernando Garrido; place and date not given; from the "National Radio News" newscast]

[FBIS Translated Text] [Garrido] What has the Foreign Trade Ministry done to make the sugarcane harvest what the country expects?

[Cabrisas] The Foreign Trade Ministry participates actively in the sugarcane harvest because, in reality, the importance of the inputs received from abroad is no secret to anyone. These inputs guarantee the sugarcane production, the operation of agricultural machinery, and all the industrial preparation process of sugar mills. Additionally, the Ministry takes part in the marketing of the product. In other words, the Foreign Trade Ministry participates very actively in the entire cycle, going from production to marketing.

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[Garrido] I wanted to ask the following question: How has this activity of the [word indistinct] behaved for the upcoming harvest?

[Cabrisas] This has been and continues to be a real challenge. Together with sugar workers, comrades from the Minaz [Ministry of Sugar Industry] and other institutions, national producers of this important industry, the Foreign Trade Ministry, through its entire enterprise system and beyond the scope of foreign trade, has played a very active role since the beginning.

It has been a challenge because we have overcome many difficulties to guarantee the provision of supplies, which in some cases is limited by the problem of financing, in other cases problems of production, problems with some spare parts from former suppliers, fundamentally from the former Soviet Union. Nevertheless, we can say that progress has been made. Under a lot of stress, we have guaranteed the provision of the fundamental inputs since early this year, beginning with fertilizers which we have been able to apply. This has resulted in an important benefit for the sugarcane industry.

Meanwhile, we have worked systematically with the comrades from the Minaz and the metalworking industry, to guarantee the importation and national production of the necessary industrial inputs for that machinery and for the sugar mills, as I said earlier.

[Garrido] In categorical terms, have we guaranteed — from what we currently have — the success of the sugarcane harvest? Will there be any guarantees that later harvests will be mechanized?

[Cabrisas] The work we have been carrying out indicates that, barring any unexpected event, we have guaranteed the success of the next sugarcane harvest. All the measures we have adopted are intended to carry out this process in a mechanized manner. This will not be interrupted by lack of fuel or limitation of spare parts. However, when the machines begin working, we will have to see if any type of problem comes up.

[Garrido] Thank you very much, Mr. Minister.

Deputy Minister Says Talks With EU 'Going Well'

PA1111190295 Havana Cuba Vision Network in Spanish 0100 GMT 10 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] The talks between Cuba and an EU high-level delegation are going well said Isabel Allende, Cuban deputy foreign minister and head of the Cuban delegation to the talks. The meeting was held at the Cuban Foreign Ministry, where Foreign Minister Roberto Robaina had previously met with the EU delegates.

In their third and final day of work in Cuba, the EU delegates also met with the minister for foreign investment and economic cooperation. Later, the EU delegates met with Carlos Lage, vice president of the Council of State.

Economy Minister Speaks at Emigration Conference

Part I

PA1111040895 Havana PRENSA LATINA in Spanish 0850 GMT 7 Nov 95

[First of three installments of speech by Economy and Planning Minister Jose Luis Rodriguez during The Nation and the Emigration Conference held in Havana from 4 to 6 November; date not given, "exclusive" to PRENSA LATINA: "Survival Equals the People's Ability To Resist"]

[FBIS Translated Text] Dear compatriots, participants, and guests of this second the Nation and the Emigration Conference;

Only five years ago, many people in the world were saying that our economy would be incapable of resisting the disappearance of the Soviet Union and that we would perish due to the collapse of the so-called subsidy from the USSR.

A few years later, it seemed that these somber predictions had materialized. In fact, by 1993, the GDP had dropped by approximately 35 percent, as compared to the 1989 GDP. Imports had dropped by 75 percent, and the state budgetary deficit represented 33 percent of that GDP.

In 1994, however, the economy stopped descending and grew by a modest 7 percent. Exports began to increase, and the budgetary deficit dropped to 7.4 percent of the GDP.

To whoever has failed to carefully analyze the drafting of the economic policies that were implemented during the unsteady five-year period that is about to end, it could seem that whatever happened was by accident or was, perhaps, a temporary deviation from a fatal trend that will end up prevailing.

We believe nothing is farther from the truth. The survival of the Cuban economy — despite the crisis — has stemmed, above all — as has been already said — from the people's capacity to resist and from their resolve to overcome all difficulties experienced during what we have called the special period.

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That resistance is not by chance, because it was forged around major social solidarity and with a political consensus laboriously reached to yield the painful, yet necessary adjustments without doing away with the principles of our social project. This is noteworthy.

We have not done what we have done — which is undoubtedly a great deal — without failing to get the people's unity and support for what anywhere else would have been just another adjustment plan implemented without consideration or respect.

There has been no room for neo-liberalism here. Basic social services spending has not been reduced here. There has not been a reduction of the state's role-playing as a significant and decisive protagonist and factor in economic activities.

Here we have time and again consulted and explained everything we have done, all our programs, starting with the notion of equally sharing among all the inevitable cost of the crisis, a very significant notion in the decentralization process.

In order to do this, we have worked in an orderly fashion, while we have remained flexible. First, it is not pointless to insist that we had to make notable changes in foreign economic policies, practically restructuring our economic ties abroad.

A silent, yet significant process regarding the decentralization of foreign trade has taken place. Of 50 institutions or companies dealing with foreign trade in 1989, we currently have more than 150 companies, without taking into account the foreign capital economic associations, which are also authorized to develop this activity. A noticeable exchange reorientation has also taken place.

For instance, in the case of Latin America, the Caribbean, and Canada, which represented only 6 percent of the total amount of exchanges made by the late 1980's, these regions represented approximately 35 percent of the 1994 exchanges.

As was previously mentioned, exports have begun to increase and grew by 34 percent in 1994. We expect similar growth this year. Regarding these exports, it is worth mentioning that sugarcane's relative clout dropped from 73 percent of the value of the 1989 exports to approximately 50 percent in 1995.

In the meantime, the country was gradually opened to foreign investments. To do this we based activities on the 1982 Decree-Law 50. With the development of tourism in 1988, we started promoting the participation of foreign capital in our economy.

However, it is worth recalling that there were only seven foreign capital economic association agreements in 1990, specifically in the tourist sector, representing investment commitments that did not even amount to $100 million.

During those years, and as a result of the opening to foreign capital, a search for markets, capital, and technology began to take place which has brought us in 1995 to having implemented more than 212 joint agreements amounting to $1.1 billion in investments in 34 economic fields.

As has already been pointed out, a gradual opening process has indeed taken place between 1991 and 1995. What began with investments only in the tourism sector has expanded today to include real estate. This has taken place under some very complex conditions, most of which you are all aware of, and which have not been precisely favorable to Cuba's access to the international capital markets.

Nevertheless, we believe that there our country offers comparative advantages that have had a decisive effect on the investment that has taken place despite the many obstacles and difficulties. Among these advantages we may mention the high qualification level of the work force, which on average, surpasses the 10th grade and where one out of every 10 worker has a university degree.

In addition, there are other factors such as the condition of the infrastructure which the country already had in 1990, and which has allowed us to complete several projects without necessarily having to first overload these projects with other initial investments prompted by inadequate infrastructure. This has not been the case.

The majority of all foreign investments has been, of course mostly in the tourism sector, mining, particularly in nickel as well as petroleum, and more recently in telecommunications.

In most of the sectors where an investment process has been taking place, the country has slowly been able to stop the inevitable process of capital depletion caused by the crisis.

In addition, the flexibility of the agreements accomplished, particularly those that include initial financing mechanisms, has allowed some agriculture sectors such as tobacco, citrus, and more recently sugar, to obtain the necessary capital to begin revitalizing activities which during the past five years have not received any major investments, or even minimum resources for their development.

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This foreign investment opening process has also been backed by an institutionalization process that began with the constitutional reforms introduced during the summer of 1992, where the right to existence not only of state ownership and social ownership, but also of joint ownership was recognized in our country. More recently this right was endorsed in a more integral manner with the approval this past September of a new Foreign Investment Law.

Foreign investment has not been a decisive element, as has been stressed on other occasions. Certainly, the presence of foreign investment has been important to the country's development during these years, but it has not been a decisive element.

Actually, if we analyze the statistical data, we can truly say that foreign investment has been more of a complementary element, certainly secondary, even in sectors such as tourism, where state investment has declined in these last few years.

This new legislation that was recently approved includes several features that would be worth highlighting.

First of all we have its universal and nondiscriminatory feature.

In other words, the new law has opened foreign investment to every individual who, while living outside our territorial border, can, in accordance with market, technological, and capital demands, provide the needs required for the country's development and participate in agreements together with the Cuban state.

However this is not the only modification, the law also includes the likelihood of 100 percent foreign investments, certainly an exceptional feature, but a feature that is included as part of the possibilities of foreign investment opening and that provides, according to our point of view, tremendous flexibility.

The law also includes issues related to procedures, and issues related to solving disagreements among partners, which we believe gives the new law tremendous transparency as relates to the bill previously in effect, and in comparison with international guidelines in effect in other countries.

The law also gives guarantees to the foreign investor with regards to the nationalization process and to the taxes the foreign partner will have to pay the country. For example, the law in our country — and this was the case before — allows the free repatriation of all profits [unidades] without taxing them further than with the utility tax. The latter is the only tax included in the law in this respect.

In other words, there is a series of tax measures that virtually do not go beyond what was previously indicated by Decree No. 50, and whatever was stipulated, specifically to promote foreign investment, by the new tax law approved in August 1994.

The hiring of manual labor through state organizations will be definitely maintained. This topic has been amply discussed, particularly outside Cuba. However, we observe and base ourselves on two elements to maintain this policy in hiring the labor force.

First, we have the advantages these procedures have already yielded and the benefits they had generated for the investors that were present in the country by guaranteeing them options to hire the labor force. In addition, there are benefits involved in being able to act through state organizations to resolve conflicts, since the Cuban state assumes responsibility for any possible problems that might result from conflicts with the labor force in terms of compensation and relocation.

Put to the test, this has given foreign investors a high degree of security, without curtailing, at the same time, their capacity to choose the best workers in the country. In addition, the law contemplates the possibility of hiring foreign technicians if they cannot be found in keeping with the country's requirements.

Another issue we have kept in mind is the need to maintain certain mechanisms that, in light of the instability and the crisis faced by the country, provides a certain level of protection to skilled manual labor that has been created in these years and that represents our human capital.

Thus, these are reasons that have led us to maintain, within the law, this hiring policy; however, we believe this policy is flexible enough to produce alternative solutions in certain cases.

Last, the law comprises investment principles that will be later complemented with additional legislation, including laws dealing with the existence of duty free zones and industrial parks in the country, which — I reiterate — will be established soon, and the real estate investments that I mentioned earlier. Because of their complexity, these real estate investments will also require complementary legislation.

We believe our law, which — I reiterate — has been the result of experience gained through years of work with varied associations from different countries, compares favorably — for those investors who demand greater flexibility — with laws from other countries that have endured processes of accelerated economic growth in the past years.

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With regard to the labor force, for instance, if we compare our legislation with those of the so-called Asian newly industrialized countries — Taiwan and South Korea, for instance, we will find more restrictions there than those proposed by our legislation. Some specific aspects include the preference for hiring nationals and measures to limit foreign investment in certain sectors of the economy, especially to limit the amount of investment in certain sectors. When one compares their legislation with the investment law in Cuba, one cannot but conclude that this is more flexible legislation.

In other words and from this perspective, we believe that we have taken a step forward regarding our conditions for foreign investment, and that our investment law is comparable in many aspects to legislation that can be considered successful in other latitudes.

Part II

PA1111194495 Havana PRENSA LATINA in Spanish 0956 GMT 8 Nov 95

[Second of three installments of speech by Cuban Economy and Planning Minister Jose Luis Rodriguez during the Nation and the Emigration Conference held in Havana from 4 to 6 November; date not given; "exclusive" to PRENSA LATINA: "Survival Equals the People's Ability To Resist"]

[FBIS Translated Text] There are obviously limitations to investing and trading with Cuba, and those stem solely and exclusively from the U.S. economic blockade that, as was stated in the speech by Comrade Robaina, according to our estimates has caused us accumulated losses of over $45 billion in the past 35 years.

It is worth noting also that these losses affect those persons who are barred from investing in Cuba and trading with our country.

Studies along these lines have been conducted for years, and just to mention a few of the most well-known cases, it has been estimated that U.S. businessmen could be losing from $1 billion to $2 billion a year because of the ban on doing commerce or establishing any link of a financial nature or any other nature with Cuba.

We all know — and this is something that been insisted on recently — the stance that seems to have hardened in that country following the debates on the so-called Helms-Burton bill, contrasting clearly, we could say, with the international perception of this topic, if we were to compare it with yesterday's vote at the United Nations.

In this respect, we could summarize along these lines the view that it seems that once again we are in the presence of the force of reason versus the reason of force.

Of course, theses have not been the sole changes. Since 1993, the country undertook a major transformation in its domestic economic policy that we could summarize in four great aspects.

In the summer of 1993, the ownership and circulation of a group of freely convertible currencies was authorized within the Cuban economy. There are reasons for it that are not always known and also always debatable within the Cuban economy.

First, we needed to connect our economy or reconnect our economy with the world economy in the wake of the disappearance of the socialist camp. That entailed adjusting our national currency to the requirements of the international market through traditional means, namely, through a devaluation or undertaking a path that would allow us by the same token to achieve that without uncertainty or the uncertain consequences that could lead to a devaluation.

In 1993, when we were precisely at the nadir of the country's economic activity, when practically 71 percent of the state enterprises were unprofitable, when we did not even have a minimum of reserves to face a change process in the Cuban peso's exchange rate. [sentence as received]

We also had the experience of what had happened in Latin America with devaluation processes that continued for years and what was happening and is still happening in Eastern Europe.

On the other hand, we had the experiences of countries, whether in one respect or in another, that were worth analyzing, such as the experiences of what China had done, what Vietnam had been doing, as well as the experiences of what had been done in the monetary field in postwar Spain, and of other countries that had adopted middle of the road solutions in that respect.

In the face of that situation, we decided to connect directly a sector of the economy to operate with convertible currency, namely, the export and tourism sectors, and avoid for the time being the difficulties entailed in adjusting the exchange rate of the national currency to foreign currency.

On the other hand, and this is the second reason, the need existed to put order into something that at the time was a consummated fact, namely, the clandestine circulation in the country of freely convertible currency, the natural byproduct of tourism and foreign investments.

These are the two reasons that prompted that decision, which is not a final decision. It is clear that the

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dual economy that exists in Cuba is not a permanent economy, but it did keep us from adopting traumatic, uncertain, and unpredictable mechanisms that were not going to let us control something that was necessary to control in that change process.

We have been taking steps gradually and at the same pace that the economy started to show signs of recovery. This was done primarily so that we could have a totally national issuance of currency in the country.

In December 1994, we issued the convertible peso, which is fully valued and at par with the U.S. dollar. At some point, once it has gained the confidence of foreign exchange holders in the country, this peso will circulate in place of the U.S. dollar in retail operations.

Today, the dollar and the convertible peso are both in circulation. However, the logical steps are the ones I am now describing.

This is not all we have done. More recently, steps have been taken to work with this segment of the economy in freely convertible currency. This will allow us to channel those resources — more than they are currently — through the stores that receive foreign exchange and that are stiffly taxed, in order to pick up part of this foreign exchange.

We have promoted savings in freely convertible currency. We have accounts that pay interest and long-term interest on deposits. Even more recently, exchange houses, licensed under the National Bank of Cuba, have started operating based on market appraisals in the informal economy.

That is to say, we have been taking steps. We are aware of the difficulties created by the economy's dualization or dollarization, as others prefer to call it, but the steps have been gradual because they require or demand specific prerequisites for their implementation.

The entire dollarization issue, which triggers so much attention and debates, is not one of the most important changes we have made. We believe other changes have been more significant. A specific example is the cooperative process that has been implemented with regard to Cuban agriculture during the past two years.

This process has two points or two basic points. One of them is that our agriculture developed mainly on large extensions of state property and, although it had a high technical level, a great deal of mechanization, it required large quantities of imported material.

We could not continue to work on our agriculture when the import of material had to be reduced to almost nothing. We had to replace those imports with manpower, animal labor, and natural resources produced in the country or available here.

Furthermore, in the management sphere, we had to create a mechanism of incentives that would allow people to obtain greater and more direct results from their work in agriculture. Those were the two points that furthered the creation of the well-known basic cooperative production units, which have radically changed the structure of our agrarian property.

There are more than 5,000 cooperatives currently in the country. The sector includes the former agriculture productive cooperatives in private peasant lands and the basic production cooperative units belonging to workers union and former government institution employees. The cooperatives are already using 64 percent of the land versus the 12 percent they had available in 1993.

Together with the cooperatives, other measures are also being promoted in an experimental manner. Those measures are being implemented wherever we believe they are the best option and in a timely manner. For example, giving plots to families to grow crops such as tobacco, coffee, and, in general, to work land that is idle, not apt for cooperative use, or that cannot be developed by the state.

This, it should be said, is being done gradually and with good results in the tobacco areas and the mountainous coffee zones. Of course, it is a process that has started only recently. A complementary measure to provide incentives for all those changes in the agriculture sphere was the creation of the farmers market in October 1994.

This market, up to August, has already sold more than a billion pesos in products. It is based on the supply and demand system and is used not only by the private producer but also by the government, cooperatives, and even plot owners, people who have small plots in the urban areas and sell their products in this market. The only control in the market is a tax, which, even in Havana, amounts to only 5 percent of the value of the declared sale.

This sector has been mostly dominated by the private sector, which generated more than 80 percent of the sales during its first year of existence. This has stimulated the production of certain goods reaching this agricultural market, whose operation is based on a surplus of a number of goods that the state must guarantee and other products, a large group of them, that the state contracts directly and that are governed by free supply and demand in that market.

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Possible Results of Agricultural Reforms

We also think that these agricultural reforms have yielded positive results. It is true that we have not met our needs for agricultural products; in fact, we have not even surpassed the highest level of production of tubers, vegetables, and so on, but we cannot overlook the developments of the past two years.

I will mention two facts. We could say that in 1993, this agricultural sector, along with the sugar sector, received more than 3 billion pesos in subsidies due to losses. These subsidies were reduced by 40 percent last year, and the reduction is even more drastic this year.

Losses in the non-sugar agricultural sector amounted to only 57 million pesos during the first half of 1995, compared to more than 700 million pesos during the first half of 1993. It is evident that there was a change, and this change is evident not only in terms of figures but also in production.

There was an 11-percent growth in the production of agricultural products during the first nine months of this year.

Many other examples could be mentioned, the changes that this entails for agricultural production, the fact that workers of these cooperatives do not earn a salary but share the profits; they have a very wide margin for their own initiatives, and a new way to direct agricultural production that is increasingly showing greater efficiency is truly being created.

A third set of changes involved the expansion of self-employment in urban areas, also in 1993.

This was also based on two essential elements: First, the fact that there was a need to increase the supply of a number of products that the state could not supply, many of which already existed in the undergound economy; and second that it was necessary to not only promote but to also legalize them in order to adequately channel them, not through price controls, because these workers sell their products under the law of supply and demand, but through indirect regulations, fiscal regulations, tax regulations.

We also had to find legally recognized alternate sources of employment through this means. The number of self-employed workers grew gradually from 46,000 to more than 200,000 throughout the country.

We must underscore that the regulation of self-employment is decnetralized. There are more than 140 listed occupations thay may be developed under this modality.

Each municipality determines which ones are more advisable for their jurisdiction, and based on a minimum fixed tax, [words indistinct] income, to determine what tax will be levied.

Thus, you would find, if you had an opportunity to see them, many experiences that are as different as the country's 165 municipalities with regard to the treatment given and the degree of success of self-employment. There is no doubt, however, that at present, we could talk about some increase in the supply, a certain degree of need satisfaction, and level [words indistinct] need to study small and medium-sized companies in the country.

This type of work leads us to the often proclaimed need to study small and medium-sized companies in the country. Such a study must be made not only of the private sector but also of the state sector, which should regroup a number of organizations and must also realize what has become a trend in the world today, that is, the existence of these types of companies dedicated to multiple activities. Thus, we are involved in the phase of studying how we will continue this process through this means.

The fourth and last major package of economic policy measures that explains or has influenced what has happened in recent years is — without a doubt — the internal financial improvement program approved by the Parliament in May of last year.

We have already addressed, from a budget standpoint, what the results were of the measures implemented to restrict expenditures and improve revenues this way, the role played by the new tax law approved in August 1994 — bear in mind that taxes have not been heard of in Cuba since 1967 — and, above all, the cash in people's hands, which totaled about 12 billion pesos in May 1994, before these measures were implemented, had been reduced by 24 percent on 15 October 1995.

These measures were adopted only after complicated and difficult discussions. I must tell you that the discussions practically began in September 1993 and ran until the measures were adopted in May 1994.

We debated the measures in the Parliament, we discussed them with the peasants and the workers through their unions, and the so-called workers parliaments were installed. We sought the most consensus possible on all the measures. It was even necessary to take some of the measures to the Parliament, such as the case of the new tax law, in August 1994, even though it was already included in the improvement program and the goyernment had authorized its implementation in May.

We think this is a very important factor. Throughout the world adjustment programs that imply price increases, new taxes, and restrictions on the people's purchasing

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power, are not approved after discussions with the people, not even with the governments. Discussions are not a characteristic of these programs. Sometimes they are passed overnight, and the people, as you well know, find out about them in the newspapers the next day.

The process taking place in Cuba has been taking place in a careful and meticulous fashion, always seeking consensus, as much as possible. This explains why these measures have succeeded and why most of them have, if not the support, at least the go-ahead and the understanding of the people, who realize they are necessary.

Part III

PA1211161295 Havana PRENSA LATINA in Spanish 0931 GMT 9 Nov 95

[Third of three installments of a speech by Cuban Economy and Planning Minister Jose Luis Rodriguez during the Nation and the Emigration Conference held in Havana from 4 to 6 November; date not given; "exclusive" to PRENSA LATINA: "Positive Repercussions of the Financial Reorganization"]

[FBIS Translated Text] The process to reorganize internal finances has had positive repercussions. First, it has triggered the drop in the prices of the underground economy and has shrunk it. It is estimated that prices dropped more than 40 or 50 percent on the average and much more in several products. Also, the people have had confidence in the measures and have maintained most of their savings.

The reorganization did not trigger panic or cause pesos to flee banks; quite the contrary, when the measures started being implemented, 50 percent of bank's liquidity was in savings accounts deposits, amounting to 64 percent. This demonstrates that people have confidence that their money will be revalorized in the bank and that it is secure.

Perhaps the most spectacular result has been, undoubtedly, the revalorization of the peso vis-a-vis the North American dollar in the informal economy, because it has taken place through the, could we say, free market mechanisms. When the program started, the price of a dollar stood at around 110. Sometimes it was even 120 pesos per $1. Today, after a spectacular fall that reached 15 pesos per $1, the situation has stabilized and was fixed at around 25 pesos per $1 in August. If we were to translate this rate into what it has meant to the people, we would, evidently, have to say that the national currency has increased its purchasing power. Although this still does not reveal that the country's economy has advanced sufficiently, we cannot deny that the Cuban peso has greater purchasing power in this market.

The results of the financial reorganization have also been seen in 1995. The measures have furthered the positive trends in the Cuban economy. As we have already mentioned, we registered a 2.3 percent growth in the first nine months of the year and expect to reach a growth of approximately 2.5 percent by the end of the year.

Almost all the sectors of our economy, except for sugar production, have improved. Nickel has increased 74 percent during the first nine months, and, in addition, its prices in the market have increased; tourism could pass the $1 billion mark in gross revenues; tobacco has grown almost 60 percent; fisheries 14 percent; and so on.

If we study the country's main export products, the ones that primarily determine our purchasing power, we will see that all of them have recovered. The only exception—we have already started taking measures this year and expect to recover next year—is the sugar sector. At the end of my remarks, I will briefly outline the prospects for the sugar sector for next year.

We also have to state that all this has been done—it is important to underscore this point—while maintaining at the same time our social indicators. The latter, far from suffering a downturn, has improved during the past years.

Our health figures are well-known. Our child mortality rate has decreased from 11, where it stood at the beginning of the special period, to less than 10 in the past years and should be the same in 1995. The mothers mortality rate is still 29 per 100,000. Life expectancy surpasses 75 years. We have not closed one single hospital nor a clinic. Ninety-five percent of the people enjoy community health services or the family doctor program, as we call it in Cuba.

We can report in the education sector that we have kept all the schools operating, have maintained average passing grades, and have even improved it in several disciplines.

There are more than half a million university graduates in the country. More than 55,000 medical doctors have been graduated during the past years. This indicates, for example, — a few details observed when one makes international comparisons — that we have the highest rate of medical doctors and teachers per capita in the world; that is, we have one doctor per 203 people, without taking into account the latest graduates, and one teacher per 41 students. We have a total of more than 270,000 teachers and professors to ensure our education achievements.

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If our social security system is observed, we will see that our more than 1.3 million pensioners have not stopped receiving their pension checks in the past years. Thus, the restrictive economic policy has been accompanied by important social efforts.

All this—social security, public health, and education—represents 32 percent of the government's expenditures and should be compared with, for example, the 5.7 percent assigned to defense expenditures in the total 1995 budget. Yes, we have also reduced the defense expenditures by half compared to the previous five-year period. This expenditure has amounted several times to 13 percent of our previous budgets.

We have made all the economic adjustments, taking into account the necessary social development and with social backing for all our actions. This is part of the consensus policy we need to find and maintain.

We thus voice our optimism to you today about our country's prospects in the economic area for 1996. There are, however, certainly many difficulties to overcome.

As Robertico has said—and this is also applicable to the economy—we are far from attaining the point we must reach in our economic and social development. In this regard, our difficulties, which we are trying to resolve, revolve around sugar.

We have already obtained the necessary pre-financing this year to start the recovery of our sugarcane production and, thus, our sugar production, which should take an important leap forward in the 1995-1996 harvest. We also need to improve our possibilities of obtaining foreign financing. In all these years the country has virtually—and it is advisable that we keep this point in mind— achieved all this without a loan from the IMF, without an infrastructure investment program from the World Bank, because we are not members of these organizations and have received financing, at interest rates of 12, 14, 15, and even 20 percent, only on the market.

It is evident that the intensity of our work should go hand-in-hand with the recovery of our economy in order to change the structure of those debts we had to acquire to guarantee the country's survival, and these are short-term debts. In other words, we have not overlooked this factor, but it is only now that the conditions to ensure the greatest efficiency possible in the use of our scarce resources are present.

We have searched—and this task is primarily one of the ministry I am heading in this phase—for new forms of planning, new forms of planning for the Cuban economy that, evidently, cannot be the ones that existed up to 1989.

We have state-owned property today, mercantile property, but based on shares of state-owned enterprises. We have mixed property, cooperative property, private property in the countryside, and private property in the city. In other words, we have a number of economic factors we must order, to which we must assign priorities, but with which we must work, and we also have economic mechanisms that have been uncharacteristic of our society, such as taxes, credit policy, monetary policy, and so on. This requires an enormous effort, because we have not renounced, as was claimed in the beginning, playing the active role the state must play in the economy.

They often wonder what is the model we aspire to achieve, what is the model we have... Well, we could say what we are not going to do: We are not going to resign from the active role the state must play in the economy.

We believe state-owned enterprises can be efficient. They must certainly be competitive in today's world, but this is not impossible. We do not subscribe to the neo-liberal dogma that everything linked to the state is necessarily inefficient.

We will not reduce the state to being a mere redistributor of resources, a "welfare state" only in charge of the areas of health and social security and without a role in economic activity. It will indeed intervene in economic activity.

We defend the presence of state-owned properties, because we believe that they can operate efficiently and that they are the ones that best represent the interests of a majority of the people. This does not exclude the fact, however, that we have given space, which has grown and will continue to grow in upcoming years, to other forms of property, such as cooperative property, private property. We also believe this is achievable, because in the end what determines the result of what we do is not what we do but, rather, who is in power and the interests they represent. I would like to close in this regard by noting that we clearly understand what interests we represent. As Robertico has said from an economic policy viewpoint during his speech, these are interests "we cannot hurt even with the rose petal, because they are all our people's interests."

In this regard we think, thus, we are trying to achieve an achievable utopia. We are not afraid to deal with the market. We are not afraid to deal with the inequalities the introduction of these mechanisms entail, because we know our people understand. We know that what we are doing and how we are introducing these measures to the people are the only ways possible to do this, to do this with the people's support.

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Thus, this is the work we must carry out in the economic area, and we are convinced that today's sacrifices will definitely become the fertilizer of a future of abundance that is not far away. It is within our reach and the reach of all dignified Cubans who, as you, are able to help our fatherland in these difficult times.

Economists Assess Financial Market, Discuss Concerns

PA0911160095 Havana Radio Rebelde Network in Spanish 1255 GMT 3 Nov 95

[Report by correspondent Sergio Martinez Martinez in Santiago de Cuba; from the "Doing Radio" program]

[FBIS Translated Text] Economists in Santiago de Cuba are working on five basic tasks to which they dedicate their main efforts. Among them: Conducting an efficient assessment of organizations that work with foreign currency, overseeing Basic Cooperative Production Units' economic operation, making a study of the restaurant sector to establish the factors compromising efficiency, and deciding on objective recommendations. Also, they faithfully supervise the National Association of Cuban Economists [ANEC] in the province and municipalities. Due to the significance of their job, we decided to speak with (Madeleine Cortez Martilla), president of Santiago de Cuba's ANEC, to thoroughly discuss the provincial economic strategy.

[Begin recording] [Cortez] We plan to continue to work toward strengthening the organization, providing the response that both party and government deserve, continuing to support the agricultural sector and the Sugar Ministry as a whole, and guaranteeing the advancement of our members.

[Martinez] Any concerns?

[Cortez] Our main concern is to take all these ideas to practice as soon as possible, to have a response from the majority of the economists.

[Martinez] What about economic concerns?

[Cortez] The economic situation in our province is no different from the situation in the rest of the country. However, I am sure that we can improve it with better use of resources, better control, grass roots' involvement, and a thorough analysis by economists. [end recording]

Alarcon Attends Hearing on Sugar Industry Property Rights

PA0911170295 Havana Radio Rebelde Network in Spanish 1255 GMT 1 Nov 95

[From the "Doing Radio" program]

[FBIS Translated Text] The employees of the Ramon Balboa Agroindustrial Complex in Cienfuegos held a public hearing, at which they ratified their will to maintain the right of property over that industry.

Ricardo Alarcon, president of National Assembly of the People's Government, attended the hearing, during which more than one generation of workers of the mill in Lajas freely discussed their views on the claim by heirs of former owners, motivated by the Helms-Burton atrocious bill. Participants fully agreed to maintain their rights and improve the efficiency of the sector.

During his eloquent address, Alarcon stated that there were approximately 1,890 houses in Lajas municipality in 1953 — over 1,420 had straw [guaro] roofing, only 91 had electricity, and most of them did not meet basic needs. Currently, the Ramon Balboa Agroindustrial Complex in Lajas, with a working force made of approximately 55 percent of youths, has professionals, middle- level technicians, and highly qualified workers who have introduced technological improvements for over 50 million pesos.

Also, workers agreed to keep the memory alive, to be able to compare the past with the present, and to convey past experiences to future generations.

Sugar Workers Union General Secretary Views Worker Salaries

PA0911191895 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Nov 95

[From the "Doing Radio" program]

[FBIS Translated Text] If a worker is not physically present at his work place and does not participate with his efforts, how then can he be rewarded for something for which he had nothing to do? The sugar workers union broached this issue, when it stated that it was not fair to reward someone who was absent, no matter how justified the absence. The union must be a true guardian of this principle. Manuel Cordero, general secretary of the sugar workers union, pointed out that justified absences — especially those that are due to illness — are covered by social security. The same thing holds true for those workers who go to training or are mobilized for other purposes. Cordero stated that they receive their salaries, but, they can not receive incentives, neither of a

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morale type nor vouchers used to purchase in the shops located at the sugar complexes.

If while a worker is trying to attain new abilities, for which he will later receive compensation, it would be a contradiction that he should also get incentives for a job he did not do. Finally, Cordero stated that only those absent due to military training are to receive the different incentives contemplated because paternalism and justifications should be cast away from the minds and actions of the administration.

Roundup of Politburo Members' Activities

PA1111014095

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 10 November.

Raul Castro Ruz presided over this year's third meeting to review the progress of the Turquino Manati Plan. In last May's meeting Raul had indicated that specific actions needed to be taken to resolve the problems that were adversely affecting the Turquino Plan. In this meeting Raul Castro talked about the need to overcome the deficit in the number of mules, which are an effective transportation means for mountainous areas. Alfredo Jordan Morales was also present in this meeting. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

Esteban Lazo participated in the 10th full session of the Communist Party's Provincial Committee in Havana City to review aspects of life in the capital and milk production. Participants reviewed the slight increase in milk production this year after an all-time low in 1993. Lazo reflected on the current ideological battle waged by the nation. He praised the work done by the commander in chief, Fidel Castro, while heading Cuban delegations abroad. (Havana Radio Rebelde Network in Spanish 1800 GMT 27 Oct 95)

Ricardo Alarcon participated in a symbolic hearing on the Helms-Burton bill held at the Ramon Balboa Plant in Cienfuegos Province. Alarcon talked about how a plant such as this one could be reclaimed by its former owner, an individual not even born in Cuba, he said. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 1 Nov 95)

Raul Castro Ruz has sent a letter of recognition to the 2034 Brigade gunners in Las Tunas, on the group's 35th anniversary. (Havana Cuba Vision Network in Spanish 0100 GMT 3 Nov 95)

Carlos Lage Davila paid a visit to the 13th International Fair in Havana. He talked about the efforts to make the fair more of a commercial event to increase businessmen's interest in investing in Cuba. (Havana Cuba Vision Network in Spanish 0100 GMT 3 Nov 95)

Division General Ulises Rosales del Toro inaugurated the 10th Science and Technology Forum in Havana. (Havana Cuba Vision Network in Spanish 0100 GMT 4 Nov 95)

Pedro Ross Leal participated in the celebrations marking the 30th anniversary of the Lenin Hospital in Holguin. Ross praised the excellent work done in this hospital thanks to the talent and resolve of doctors and other employees. (Havana Radio Rebelde Network in Spanish 1800 GMT 7 Nov 95)

Jose Ramon Machado Ventura welcomed in Havana a delegation from the Prosecutor General's Office of the PRC, headed by Prosecutor General (Chao Vong Sang). (Havana Radio Havana Cuba in Spanish 0000 GMT 7 Nov 95)

Carlos Lage Davila has said in Bayamo, Granma Province, that Cuba has great possibilities of increasing its rice production in the next few years. Lage said additional financing for this sector is now available. (Havana Radio Rebelde Network in Spanish 1800 GMT 8 Nov 95)

Haiti

Aristide Supporters Light Barricades Following Funeral

PA1211040695 Paris AFP in Spanish 0307 GMT 12 Nov 95

[FBIS Translated Text] Port-au-Prince, 11 Nov (AFP) — Supporters of Haitian President Jean-Bertrand Aristide set up barricades and set them on fire in Port-au-Prince at the conclusion of memorial services for a ruling party deputy, who was murdered earlier this week, an AFP reporter has informed.

Aristide led prayers at the funeral for Deputy Jean Hubert Feuille, who was killed by unidentified persons in the capital.

Visibly moved, the head of state announced he had ordered the complete disarming of the paramilitary and neo-Duvalierist groups.

In the presence of the diplomatic corps, he criticized the silence of the international community following the assassination of the parliamentarian and compared this attitude to the interventions of various countries in favor of former Deputy Duly Brutus after being arrested last year.

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Feuille's funeral will take place in Cayes (south) on Sunday, his native town, in the presence of government officials.

In his speech, Aristide warned those who are opposed to the disarmament, although he refrained from citing the United States and the UNMIH (UN Mission for Haiti).

"Foreigners must contribute to the country's peace, which they have not done since my return," on 15 October 1994, following three years of exile and military dictatorship, the president said.

Following the ceremony, several dozens of people spread throughout the city and erected barricades, which they set on fire, while shouting hostile slogans against those who were trying to run for office during the 17 December presidential elections.

Aristide promised the international community that he would not run for reelection in order to cool down emotions, but his supporters are demanding that he stay in power three more years to compensate for his years in exile.

The Haitian police and the international forces deployed in Haiti did not intervene against the demonstrators. Calm had returned to the city by sunset.

Violence was spurred by rumors of shots being fired against the presidential retinue, which has not yet been confirmed. A UNMIH spokesman, Eric Falt, told AFP over the telephone that he lacked information to confirm those rumors.

CHDH Secretary General Condemns Police Search Procedures

PA1011011595 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Nov 95

[From the "Waking Up Newscast"]

[FBIS Translated Text] The secretary general of the Haitian Center for Human Rights [CHDH] says he is in favor of a true national reconciliation in reaction to the assassination of Deputy Jean-Hubert Feuille. According to Attorney Jean-Claude Nord, it is time to put down weapons and turn to social peace. The secretary general of the CHDH, who demands the implementation of the Haitian Constitution without impediment, has condemned the procedures used by the policemen during the search of the homes of former Colonel Dardompre and Prosper Avril, and the arrest of Dardompre. He condemns as well the arrest of the daughter and the son-in-law of Prosper Avril and demands their release.

[Begin Nord recording, in Creole] There must really be a true national reconciliation. I ask that the Constitution be implemented so there can be a true national reconciliation. I am against the fact that it is implemented when it is in favor of someone and that it is not implemented when it is in favor of someone else. For example, I heard on the radio what happened last night in the homes of former Colonel Dardompre and Prosper Avril. I remember on 12 October 1991 when the putschists were arresting me, they were decent enough to send a justice of the peace and they came at a time not forbidden by the Constitution. But when I hear that the national police made the arrest, I wonder whether we have not regressed, whether we are not going back to a dictatorship. Why? Because I do not understand that arrests can be made like that. [end recording]

Radio Commentary: Nothing 'Changed' in Country

PA1011005495 Port-au-Prince Radio Metropole in French 1030 GMT 9 Nov 95

[Unattributed commentary; from "The Morning Newscast"]

[FBIS Translated Text] Television Nationale d'Haiti broadcast last night the pictures of a time that was believed to be over, outmoded: The pictures of firearms and ammunition discovered in the home of opponents to the current government. This is not at all new in the very Haitian political reality. The same pictures always come back on the same screen with the same comments.

Today, the actors have changed place. The torturers are victims today and the victims are torturers today. The scenario is the same: Arrest at the middle of the night carried out under conditions that are the same or almost the same, without warrant. The methods are the same: Men who are behind bars without knowing why. The methods are the same: Opponents, who escape, seek political asylum in the embassies; sons who are arrested instead of their fathers.

Like a nightmare, these pictures bring us back to some past years and show that things have not really changed in this country. The practices are the same: Political adversaries who kill one another with rifles and guns, the same reflexes, opponents who are arming themselves or plotting against a government, the same political practices, the same politicians, the same customs, the same country. Haiti in 1995 is not different from the

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Haiti of the years of Duvalier, of the years of the military regimes whose methods were denounced exactly by those who are now in power.

What has really changed in this country? We must nevertheless acknowledge that the treatment of the prisoners is different today: The rooms for torture and strong-arm questioning have disappeared but the detention rooms are still full of political prisoners and the stays in prisons sometimes and often last inexplicably or — better — find explanations in the official versions of the authorities who are investigating, investigating, and always investigating. It is like in the past, it is as if nothing has changed in Haiti.

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President Closes 3d Foreign Trade Congress

PA1111231095 Mexico City XEW Television Network in Spanish 0400 GMT 11 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] In Acapulco, Mexican President Ernesto Zedillo closed the 3d Mexican foreign trade congress, where businessmen and authorities discussed the possibility of internationalizing the export sector as a means of stimulating the country's productive system. Zedillo told the exporters that a firm groundwork has been laid for recovery and that the economy at present has a healthy and reliable basis for growing through the creation of jobs.

[Begin Zedillo recording] The Bank of Mexico's international reserves have increased to about $14 billion. These reserves are more than enough to meet the country's financial obligations. [end recording]

Also, Zedillo recognized the Mexican people's efforts toward recovery.

[Begin Zedillo recording] Each of these attainments is the result of the Mexican people's efforts and constitutes firm evidence and assures us that the Mexican people are prepared to recover next year and head firmly toward a vigorous growth with more jobs and higher income for the working class in our country. The financial instability that we have experienced is temporary and must diminish because we have quickly and effectively corrected the factors that led to this year's crisis. [end recording]

Zedillo invited exporters to work together for the Mexican people's benefit. Zedillo, who was accompanied by Guerrero state governor Ruben Figueroa and some secretaries of state, delivered national export awards.

President: Country Needs Confidence To Recover

PA1111224795 Mexico City XEW Television Network in Spanish 0400 GMT 10 Nov 95

[From the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] In Merida, Yucatan State, President Ernesto Zedillo has told Yucatan businessmen that confidence in ourselves is what we need to become stable and recover economically, confidence that the government alone cannot instill.

[Zedillo] "Today we have the economic factors essential to recover in 1996. What do we lack? We lack confidence, especially and above all, confidence in ourselves. You know that the government alone cannot instill confidence. Confidence is, above all, a phenomenon that must be created beginning with the resolve, the desire, and the spirit of citizens themselves."

The president appraised the achievements the Mexican economy has made in the last few months and said that the country's economic recovery will not stop.

[Zedillo] "I want to stress to you that the turbulence through which the financial markets are going these days will not deviate us from the path to economic recovery. The efforts all Mexicans made this year to correct the factors that triggered the serious crisis we have faced have not been in vain."

President Zedillo emphasized that the deeds firmly guarantee that our economic is ready to recover in 1996.

[Zedillo] "Today, the basic conditions of our economy do not support the unstable conditions that have adversely affected the financial markets recently. Sooner rather than later, these markets will have to give in in light of the evidence of the solid economic foundations we Mexicans have been forging with great efforts."

He told businessmen that 1995 has been a year of efforts for all and that no one must lose sight of the main and firm achievements of these efforts, adding that these achievements must trigger a new confidence and that our strength lies in our ability to unite for the nation's sake.

When he started his working visit to Yucatan, Zedillo was the object of a multitudinous reception in Chichen Itza, where he met with the Maya Indians. At the Mayan ceremony called (Xalach Wilic), which is the ritual performed to recognize a supreme authority, the president stressed his government's commitment to serve the Mexican Indian communities:

[Zedillo] "Mexico will not be able to call itself a fair country until justice truly reaches its Indian communities."

The head of state met with thousands of peasant women in (Itzamal). In Merida, he met with Yucatan Governor Victor Cervera Pacheco at the Picture Room of the Government Palace. He ate with Yucatan businessmen and later visited the regional (Ixmacuitl) Fair. Zedillo's wife, Nilda Patricia Velasco; the secretaries of social development, agrarian reform, and agriculture, livestock, and rural development; and the state governor accompanied Zedillo during his tour of Yucatan. He returned to Mexico City in the evening.

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Central Bank Takes Action To Regulate Exchange Market

PA1011212095 Mexico City XEW Television Network in Spanish 0400 GMT 10 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] A timely action taken by the Bank of Mexico [Banxico] with only $150 million was enough to regulate the market and inflict losses of up to 10 percent on price gougers.

A few minutes ago I received a Banxico bulletin, which confirms and adds to what we are saying. The bulletin states:

As it is well known, an exchange fluctuation regimen was adopted in late 1994. Since 14 May 1995, the fluctuation has been virtually clean, meaning without interventions from Banxico in the exchange market. In recent weeks, especially in the last few days and today, the exchange rate had been behaving in an extremely volatile manner and devaluating quickly, to the point that an exchange rate of 8.30 new pesos per dollar was reached, which does not correspond to the economy's fundamental situation.

In view of these circumstances, the Exchange Commission, which comprises the finance secretary and two deputy finance secretaries as well as the governor and two deputy governors of Banxico, decided to have Banxico intervene. Consequently, the peso was appraised, closing at 7.60 new pesos per dollar. A modest amount of reserves were used in this intervention.

The Exchange Commission believes the intervention of Banxico, which does not mean the fluctuation regimen will be abandoned, was fitting because it was accompanied by the appropriate fiscal and monetary actions. The federal government's budget plans and the 1996 revenue law, which will be submitted to the honorable Congress of the Union on 14 November, will place a great emphasis on the strength of public finances. Meanwhile, Banxico withdrew resources from the current accounts of the credit institutions today.

Commerce Secretary: NAFTA Helps Ease Effects of Crisis

PA1011230095 Mexico City EL FINANCIERO in Spanish 8 Nov 95 p 24

[FBIS Translated Text] The North American Free Trade Agreement is an effective instrument that has helped Mexico ease the effects of the crisis, Herminio Blanco Mendoza, secretary of commerce and industrial development, has said. He stressed that Mexican exports to Canada have increased by 24 percent during the first eight months of 1995.

Blanco Mendoza admitted that, although there has been progress in the area of deregulation, it has not been implemented as swiftly as required, and thus, a deadline of two to three months will be established during which this secretariat, along with other institutions, will review and reduce the number of requirements needed to establish a business.

He noted that there will be noticeable results in the first three months of 1996 in the elimination of requirements that entail costs for the business operation.

Blanco Mendoza pointed out that exports have been instrumental in easing part of the impact of the crisis, and in 1996 they will continue to be an important tool for growth.

He said that Mexican exports are expected to grow by about 20 percent in dollars next year.

The secretary added that Secofi [Secretariat of Commerce and Industrial Development] and other business organizations are working on a bill to reform the Chambers Law [Ley de Camaras].

The bill recognizes the chambers as the bodies for leadership, representation, consultation, and communication with the government, and thus, the goal is to ensure they offer useful services to those who decide to join.

Blanco Mendoza reaffirmed that the measures adopted by the Alliance for Economic Recovery (APRE), including fiscal incentives, will help revive production plants, investment, and employment, in sectors such as the auto industry, which suffered a 75 percent drop in domestic sales as a result of the crisis.

Exporters Propose 'Private Fund' To Save Peso

PA0911203095 Mexico City EL FINANCIERO in Spanish 6 Nov 95 p 22

[Report by Herminio Rebollo Pinal from the "Business Table" column]

[FBIS Translated Text] The uncertainty experienced this past Friday in the financial markets because of rumors disseminated from the United States related to doubts about the stability of Mexican Government, struck another blow to our devalued peso and caused it plunge to an absurd low of 7.90 pesos per U.S. dollar.

Likewise, the rumors raised red flags in the financial markets to such an extent that by the end of the day, after rumors of a coup, cabinet resignations, and renewed violence in Chiapas had been denied, the private sector decided to simply not cross its arms as a mere spectator "to see what takes place on Monday."

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We are able to report that as of that same Friday afternoon all sorts of consultation calls and meetings began to take place after a few arrangements to take advantage of the "All Soul's Day" holiday, which many of the country's top businessmen had already planned, were thwarted.

Contacts began to take place between the country's main exporters who, because of the activity they are involved in, tend to hold a significant part of their foreign currency holdings in U.S. dollars.

Thus, this past weekend companies such as Carso (Carlos Slim), Penoles (Alberto Bailleres), Vitro (Adrian Sada), Alfa (Dionisio Garza Medina) Desc (Fernando Senderos), Grupo Mexico (Armando Fernandez), Kimberly Clark (Claudio X. Gonzalez), and Cemex (Lorenzo Zambrano) were really in close contact.

So far, mention has only been made with respect to the apprehensions, options, and concrete measures to be implemented as soon as possible.

However, there is full agreement with respect to the need to create mechanisms to prevent speculations such as the type that took place last Friday, which were prompted by rumors that time itself has proven to be groundless.

For this same reason, all the initiatives proposed refer to the establishment of a private fund to rescue the peso and for private corporations to funnel U.S. dollars to the market in order to cooperate in fixing a parity "floor" and thus bring an end to the undervaluation of the peso that has been taking place recently. Other proposals point to the likelihood of negotiating loans with the banks for future sales which would allow the firms to have access to additional funds and liquidity with which to deal with hazards such as the one experienced this past weekend.

The idea is not only to speak with the country's main exporters, but also with the country's other major industrial, commercial, and service syndicates to convince them to join the parity-fixing proposal.

The predicament exporters perceive lies precisely in that any upward movement of the parity rate has a direct impact on interest rates which already last week the government was unable to cut. In addition, any new increase in interest rates will only serve to further curtail economic recovery.

Without inexpensive money, the private sector will not have sufficient resources to reactivate investments.

In this respect, as far as we know, the unusual proposal has being taking shape and is being managed only by the private sector, but in a few more hours it will be presented to the government.

It should be kept in mind that this week (Thursday) a monthly dinner between the Mexican Business Council and President Ernesto Zedillo is being organized by Claudio X. Gonzalez.

There have been comments that the entire initiative could be ready by that date.

Beyond all the meetings that have been taking place and what is ultimately structured, the signal now being sent out by several of the country's most important business groups is that, contrary to what is being commented, there is still confidence in Mexico from outside the national territory.

Because it must be said, with the magnitude of the devaluations we have been experiencing, it is the exporters themselves who have benefited the most. Today they could well be cooperating in bringing some order to this country that has not been seen for the past two years.

Public Debt Due in 1996 To Total $8.910 Billion

PA1011035595 Mexico City EL FINANCIERO in Spanish 6 Nov 95 p 7

[Report by Alicia Salgado]

[FBIS Translated Text] The Secretariat of Finance and Public Credit (SHCP) has reported that in 1996 the amount of public debt that will become due will total $8.910 billion, 78 percent less than what will be amortized throughout 1995. Consequently, the schedule of payments to be made abroad will be lighter and will allow to support the economic reactivation.

The SHCP also disclosed that this week, more than 91 percent of the Tesobonos [Treasury Bonds] balance registered in December 1994 will have been paid, after $26.803 billion were paid. Some $2.403 billion are reportedly still outstanding.

In a communique, the SHCP stated that since the end of this year and during 1996, 97 percent of the public debt balance will be long-term debt, so "there are better conditions for the economy than those that existed this year." It said that in December of 1994, 30 percent of the total amount of public debt plus the Tesobonos was short-term debt.

The amount that will have to be paid next year is equal to the amount paid to international financial organization this year.

Nevertheless, financial analysts indicated that together with the $8.910 billion that must be paid to the public sector next year, the private sector (banking and corporate) will have to amortize approximately

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11 billion new pesos. These are production agents for whom the voluntary capital markets have not been restored.

The SHCP indicated that in 1995, the profile of Mexican overdue debts was $41.4 billion, of which $29 billion corresponded to Tesobonos, $4.2 billion to public sector debt in international markets, and $8.2 billion to the so-called nonmarket debt (World Bank, IMF, etcetera).

It should be pointed out that the schedule of foreign debt payments, excluding the liquidation of Tesobonos, shows that for October-November period, $5.1198 billion should be amortized, of which $3.7088 billion correspond to capital and $1.411 billion to interests.

Regarding the schedule of payments for next year, the Secretariat remarked that of the $8.910 billion, $6 billion correspond to overdue debt with international financial organizations, "which have their own refinancing," while the overdue market amounts will total $2.710 billion and $200 million to the payment of Tesobonos.

The SHCP detailed that for 1996, the overdue amounts of market debt would be less than $3 billion which, compared with the $33 billion that existed in early 1995, "allow us to foresee a more relaxed prospect for next year."

Public Sector Payment Schedule

In the meantime, SHCP estimates for 1996 show that while the balance of payments made totals nearly $9 billion, interest payments — barring possible hikes in international rates — total $5.6131 billion, which would give a total of $15.4231 billion.

In addition, by the end of January of next year, the government will have to face the fourth short-term debt maturity signed in February of this year with the Federal Reserve and the U.S. Foreign Exchange Stabilization Fund, whom Mexico owes $1.3 billion.

Regarding the payment schedule for the remainder of the year, in November, capital amortization of $1.7124 billion plus $484.5 million in interests are expected to be made, which gives a total of $2.1969 billion.

Of the capital, $500.5 million correspond to short-term debts and $1.2119 billion to long-term debts.

In December, the balance of capital that the government must pay to foreign entities totals $1.0252 billion plus $467.1 million in interests, which implies a total balance of payments of $1.4923 billion.

Of the capital, $494.9 million correspond to short-term debts and $530.4 million to long-term debts.

Pemex Privatizes Petrochemical Industries

PA1011001295 Mexico City LA JORNADA in Spanish 6 Nov 95 pp 18, 19

["Agreements" reached by Petroleum Administrative Council for the privatization of Secondary Petrochemical Industries; followed by unattributed questions and answers on subject; place and date not given; published as paid ad]

[FBIS Translated Text] In its last meeting, the Administration Council of Mexican Petroleum [Pemex] approved the privatization of secondary petrochemical industries.

The agreements established the necessary guarantees to generate new investments in this industry that will result in new job positions and the development of the regions where the plants and the complexes to be privatized are located .

The Pemex Administration Council has decided:

1. To make sure that all possible buyers have the investment and expansion plans for this industry.

To that end, it was determined that the candidates to participate in the bidding should thoroughly meet the requirements of technical and financial capability that the Intersecretarial Commission for Privatization determines.

This Commission has established that the interested investors will be subject to an evaluation, included in the basis for the bids, in order to verify their economic solvency, technical capability and operational experience in the petrochemical industry or related industries, as well as to confirm their investment plans.

Only those whose intentions and ability to develop the industry and the national market have been verified will participate in the bidding.

2. To guarantee the labor rights of the workers of secondary petrochemical industries.

It was determined that those acquiring the facilities will assume the rights and obligations derived from labor relations, individual and collective, with the personnel working in the plants and complexes, in accordance with the law and the collective contract.

Additionally, the new owners must recognize the collective contract of the Mexican Union of Petroleum Workers.

3. To allocate the resources acquired from privatization to strengthen Pemex strategic areas.

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It was recommended to Pemex general director to carry out efforts before the respective authorities in order to assign to Pemex resources from the transfer of assets, in addition to its budget, in order to invest in strategic areas of the petroleum industry.

4. To guarantee the continuity of commitments for environmental protection assumed by Pemex-Secondary Petrochemical industries.

It was decided that the new owners of the plants and complexes to be privatized will have to assume the commitments on environmental protection acquired by Pemex-Petrochemical industries, except the ones that correspond to Pemex.

5. It was ratified that the privatization will take place in complexes and by plants.

The properties to be privatized are installations that were developed by Pemex between 1962 and 1994.

6. Pemex will keep between one fifth and one third of the net worth of the complexes to be privatized.

The idea behind this decision is to guarantee full compliance of the established parameters and it intends to provide more favorable conditions for the participation of local entrepreneurs in these bids.

7. To guarantee the selection of the best bid and that it be close to the true market value of the assets.

To this end it was determined that the appraisal of each of the complexes and the plant to be privatized is to be carried out by two appraisers with international prestige and experience in the petrochemical industry. One of the appraisers must be a Mexican credit institution [bank].

In each case the bid will be awarded to the best offer, provided the price is not below the appraised value.

8. To strengthen the national petrochemical industry and contribute toward industrial efficiency in the country.

Just as was established in this Pemex Administrative Council meeting, the goals of the privatization of Secondary Petrochemical Industries are:

A. To promote investment and growth of the country's chemical industry.

B. To allow purchasers to rationalize the privatized assets in order to better fulfill the priority goals of the economic strategy.

C. To provide better integration of petrochemical industry productive chains; and

D. To promote the development of a Mexican petrochemical industry that is globally competitive and of world size.

The purpose of the privatization process is to stimulate industrial efficiency through new investments in complexes and plants requiring plenty of capital.

These investments must be accomplished by the private sector so that Pemex can concentrate its financial and administrative resources in the modernization of activities that are the oil industry's strategic core, which in turn, are those yielding the highest profit.

It was Pemex's turn to encourage the initial development in this sector. Today it is of utmost importance to integrate productive chains, easing the consolidation of private enterprises with the size needed to compete in the international market.

Efficiency in assigning investment resources is increasingly more important within Pemex.

Pemex will strengthen in the strategic activities that are the heritage of every Mexican in conformity with Articles 27 and 28 of the Constitution.

Questions and Answers on the Privatization of the Secondary Petrochemical Industries

1. Does the sale of the secondary petrochemical industry violate the Constitution?

No, not at all. The secondary petrochemical industry is not part of the strategic activities exclusively reserved to the State by constitutional mandate.

Recall the text of the third paragraph of constitutional Article 27: "The direct control of... oil and all hydrogen carbides, be them solid, liquid, or gas..." The same Article 27 further on reads: "Concessions and contracts shall not be granted, nor shall those that have already been granted be subsidized. The Nation shall exploit these products under the terms stipulated by the respective laws."

The fourth paragraph of constitutional Article 28 lists the strategic areas reserved to the State, including the following among them: "Oil and the other hydrocarbons, basic petrochemicals." Immediately after, it reads: "The State shall own the organizations and companies required for the effective management of the areas at its charge..."

As we can see, the secondary petrochemical industry is not a strategic activity reserved to the State. The participation of individuals has been always constitutionally accepted; hence, the privatization of the Pemex-Petrochemical assets, all of which pertain to the sec-

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ondary petrochemical industry, does not violate the text and spirit of the Constitution.

2. Historically speaking, the oil industry has been linked to nationalism and loyalty to the Nation. Does the sale of part of Pemex imply ignoring these deep historical roots?

The oil industry encompasses the exploration, exploitation, and transformation of solid, liquid, and gaseous hydrocarbons. The basic petrochemical industry is also a strategic area exclusively in the hands of the State. The two of them comprise the nation's patrimony and historical legacy that make all Mexicans proud.

The secondary petrochemical industry, as a processing industry, is not part of the oil industry, even though the former's raw materials come from the latter. The complexes and units of the secondary petrochemical industry that currently belong to Pemex-Petrochemical and that are about to be sold do not constitute Pemex's strategic assets and are not directly linked to the core of its activities.

The sale of the secondary petrochemical industry is compatible with the principles of nationalism, patriotism, and loyalty to the Nation that inspired the oil appropriation and that are part of the root of the oil industry.

3. The Mexican people believe Pemex and the oil industry are part of their patrimony. Does the sale of the secondary petrochemical industry correspond to selling part of the Mexican people's patrimony?

The assets of the secondary petrochemical industry that Pemex-Petrochemical manages are part of Pemex's patrimony; however, they are not an essential or strategic part of it, unlike the oil fields, the exploration installations and plants, the production and refining of oil, the gas processing, and the basic petrochemical industry. In other words, the assets of the secondary petrochemical industry are not part of the unalienable patrimony of the oil industry Pemex operates.

The sale of the assets of Pemex-Petrochemical will strengthen the oil industry and Pemex; therefore, it will strengthen the Nation's unalienable patrimony due to the following reasons: A significant part of the proceeds obtained will be earmarked to increase investments in the oil industry itself. In addition, Pemex will have the possibility of allocating its resources to the development of this activity that is exclusively in its hands. Thus, Pemex's entire patrimony, which is the patrimony of Mexicans, will increase to a larger extent than if the current Pemex-Petrochemical assets are simply kept. These assets could become obsolete for lack of resources.

4. Is the sale of the secondary petrochemical industry a first step for the subsequent and gradual sale of all Pemex?

The oil industry, as historically and legally defined, is not being privatized, nor will it be privatized. It is unreasonable to think that the sale of the secondary petrochemical industry will lead up to privatizations or sales that would adversely affect the oil industry, because the Constitution does not allow it. The Constitution has not been modified and will not be modified in this regard.

5. Pemex-Petrochemical is facing a significant backwardness in investments. Did this situation stem from an intentional depletion of capital that was a preparatory step leading to the privatization that is being attempted now?

It has been said that the government and Pemex stopped investing in the secondary petrochemical industry in the mid 1980's as a deliberate tactic to ensure that the subsequent loss of production and competitiveness would facilitate the privatization. This assumption is completely groundless.

The years of substantial investment in the secondary petrochemical industry, approximately seven or eight years starting in mid-1970's, occurred at the same time as a wide availability of resources resulting from export revenues. The oil prices that prevailed in those years yielded Pemex revenues that ranged between 150 and 250 percent higher relative to those registered after the collapse of prices in 1986.

Thus, the limit in the amount of resources available for investment is the factor that explains why in the past decade, Pemex-Petrochemical suffered a significant decrease in investment, because the available funds were channeled into basic and strategic activities that fall within its exclusive purview.

6. What are the reasons that explain the privatization of the secondary petrochemical industry?

Briefly stated, the reasons that explain the privatization of the secondary petrochemical industry are the following:

A. In light of the lack of government and Pemex resources, it is indispensable to enable the recovery of investment in the petrochemical industry, transferring it to private companies that are experienced, dynamic, and knowledgeable about this industry. These companies will use the privatized assets as a basis for development.

B. To promote the new growth of the secondary petrochemical industry so that it can become a competitive

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industry worldwide, with capacity to meet the entire demand of the domestic industry that utilizes these products.

C. To enable Pemex to concentrate its investment resources in the basic and strategic activities that fall under the state's jurisdiction and which, by no means, can be assumed by the private sector.

7. Does the privatization of Pemex-Petrochemical represent a threat for the workers of complexes and plants because before and after the sale, large groups of workers will be fired to supposedly increase productivity and competitiveness in the complexes?

It is believed that human resources constitute the most valuable asset of Pemex-Petrochemical and the entire Pemex conglomerate. The workers and employees of Pemex-Petrochemical are competent, trained, and experienced. They are an indispensable element to be able to keep privatized assets in operation. It is illogical to think that these workers will be fired, since most of them will be needed to keep the new companies operating. Although it is a fact that the national petrochemical industry is subject to a process to improve productivity, which occasionally involves a reduction in jobs in existent facilities, the new investment resulting from the privatization should create new jobs that will greatly offset any cuts. Later on, the new investment will lead to a net increase in employment in the petrochemical areas.

If the privatization does not take place, there will be a reduction in employment in Pemex-Petrochemical as a result of the drawdown program and the lack of investment.

8. Will the sale of the secondary petrochemical industry, with the ensuing unemployment, worsen the situation in southern Veracruz, where numerous dismissals have already taken place and the economic activity has shrunk?

Unemployment in southern Veracruz is a serious problem and a reason of concern for the federal and state governments. The federal government and Pemex are preparing emergency programs of employment and regional development, as part of the Alliance for Economic Recovery. The sale of the petrochemical complexes in this area should boost investment in expanding the existent facilities and the construction of new ones. This will generate new jobs and contribute to reduce the unemployment rate. The complexes will not close down, but they will expand. Employment opportunities will not only emerge from the new investments, but from other options to offer specialized services that will be required by the revamped plants.

[Signed] Norma Meraz and Carlos Zapico

Pemex

Energy Secretariat

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Argentina

Air Force Plane Crash in Cordoba Leaves 53 Dead

PY0911150295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0354 GMT 9 Nov 95

[FBIS Translated Excerpt] Cordoba, 8 November (NA) — An Air Force Fokker plane carrying 55 persons on board — most of whom were Air Force officers who were travelling with their families, including five babies — came down this evening in the Cordoba Province near the town of Luyaba in a hilly area near the border with San Luis Province. It is not known whether there are any survivors. [Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1433 GMT on 9 November adds the following: "Fifty-three people, including several minors, were killed."]

The tragedy took place shortly after 2130 when the aircraft, which was bound for the Air Force School in the City of Cordoba, lost contact with the San Luis base. The families flying aboard this plane were going to participate in some celebrations.

It was possible to see the blaze from the highway linking San Luis Province with Buenos Aires while a search party was organized to look for survivors.

The list of passengers included 37 adults, eight minors, five babies, and five crew members.

The plane, which might have been a FV-27 Fokker, crashed into the ground shortly before midnight, according to declarations made by Luyaba neighbors to the police of the City of Villa Dolores.

The last contact the aircraft had with the Air Force base occurred when the plane was flying over "El Carrizal" ranch, located near Luyaba.

The rescue operation mounted by personnel from Villa Dolores Regional Unit became more arduous due to the heavy rain pelting down in nearly the entire province.

Some witnesses who happened to be at the site of the plane crash reported that following an explosion in the aircraft, the latter came down enveloped in a sheet of flame in a hilly area.

It was learnt that the aircraft supposedly took off from the Villa Reynhold Air Force Base and was heading for the Air Force School of Cordoba Province. [passage omitted]

The accident took place when a violent storm with strong gales and heavy rain was unleashed, something which will hamper the rescue operation in this hilly area.

Public Servants Rally Ends in 'Violent Incidents'

PY1011013295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2127 GMT 9 Nov 95

[FBIS Translated Excerpt] Viedma, 9 Nov (NA) — Another crowded rally staged today by the Rio Negro public servants, in rejection of the adjustment program being implemented by the provincial administration, ended with violent incidents and strong repression by the Viedma security forces.

The disturbances began when the demonstrators were repressed with tear gas launched by the BORA [expansion unknown] group at Plaza San Martin in downtown Viedma, outside Government House, where the public servants had set some tires afire for the last part of the march called by the Rio Negro State Workers Front [Frente Estatal Rionegrino] (FER).

During the march on Viedma's downtown streets, some demonstrators stoned the governor's residence, the Courthouse, and the local police chief's house.

The tense atmosphere escalated when a group of demonstrators managed to escape the tear gas "siege" and, after marching on Viedma's downtown streets, hurled stones at some public buildings and burned a car parked outside the Lottery building. After these incidents, eight people were detained and various buildings were seriously damaged. [passage omitted]

The rally staged by the Rio Negro public servants was part of the forceful measures that the public servants are implementing in repudiation of the Massaccesi administration's adjustment program involving the payment of a percentage of salaries in vouchers.

Massaccesi's appointment as Rio Negro senator, which the Rio Negro Congress has still not achieved, must also be added to this uneasy atmosphere created by the approval of the adjustment program.

The opposition trade unions believe the provincial governor "does not deserve" this appointment, as the province is experiencing an acute economic and financial crisis.

President Expects Unmasking of Attackers Soon

PY0911122895 Buenos Aires TELAM in Spanish 1040 GMT 9 Nov 95

[FBIS Translated Excerpt] Buenos Aires, 9 Nov (TELAM) — President Carlos Menem stressed that the perpetrators of the attacks against the Israeli Embassy and the Israeli-Argentine Mutual Association (AMIA) will be unmasked very soon.

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The chief of state stressed that those terrorists "will be unmasked very soon because, as Mother Theresa of Calcutta affirms, hate carries within itself the seed of its own destruction."

Menem spoke last night during the ceremony commemorating the 60th anniversary of the Delegation of Argentine-Israeli Associations (Daia) held in the Alvear Palace Hotel. He also once again expressed his repudiation of the assassination of Israeli Prime Minister Yitzhaq Rabin.

He termed the prime minister's assassination as "one of the most disheartening episodes for a community that for many years has been raped from the outside — and now it has been raped from within."

Menem also said that "this is a pending subject in Argentina on which I am constantly being given an exam"; he then stressed to those present that "this president would like to bring justice rather than words."

"We must understand that while horror is hand-sown, justice must be sown within the confines of the law," he said. [passage omitted]

Former NCO Detained in AMIA Case Not 'Painted Face' Member

PY0911213895 Buenos Aires TELAM in Spanish 1541 GMT 9 Nov 95

[FBIS Translated Text] Buenos Aires, 9 Nov (TELAM) — Roberto Souto, spokesman for [former Colonel] Mohamed Ali Seineldin, today denied that former NCO Pedro Fonseca, who incriminated himself in the AMIA [Argentine-Israeli Mutual Association] attack, belonged to any "painted face" sector, as Fonseca had told the courts.

A communique signed by Souto and former Captain Omar Munoz, says: "It bothers us when any type of incident is unloaded onto the "painted faces" with the only goal of confusing us and bringing us into disrepute."

The spokesman told TELAM that, if Fonseca "is not on the list of detainees or fugitives, it is because he did not participate" in the 3 December 1990 uprising at the Army headquarters.

During a telephone conversation, the wife of former Captain Munoz told TELAM: "Fonseca was not arrested, as we were. As a citizen, these unending attacks are painful for me. We painted faces are honest people, from Seineldin down."

Apparently, Fonseca, who on 7 November took himself to the Comodoro Rivadavia courts, was discharging his duties at the Libertador building [the Army headquarters] the day of the "painted face" uprising and, even though he did not participate in it from the beginning, subsequently joined it.

President Sends Personal Message to Serbian Leader

LD1011115495 Belgrade TANJUG in English 1129 GMT 10 Nov 95

["Pool" item]

[FBIS Transcribed Text] Belgrade, Nov 10 (TANJUG) — Argentinian President Carlos Menem has sent a personal message to Serbian President Slobodan Milosevic, head of the Yugoslav delegation at the peace talks in Dayton, Ohio, expressing hope that peace would finally be concluded in Bosnia.

Menem said he fully supported the peace talks, especially emphasizing the role of the Serbian president in the quest for a just peace agreement.

The message was presented to the Yugoslav Foreign Ministry by the Argentinian Embassy in Belgrade.

Argentina is a non-permanent member of the United Nations Security Council and chairs the U.N. Sanctions Committee.

Shift in Stance Toward Cuba Viewed

96SM0013A Buenos Aires CLARIN in Spanish 22 Oct 95 pp 16-17

[Commentary by Eduardo Van der Kooy: "There's Many a Slip...."]

[FBIS Translated Text] *The administration says no, but after the summit meeting in Bariloche, something has changed in our stance toward Cuba. Argentina now seems to be more in tune with Washington's policy. Spain had a great deal to do with Argentina's shift. Its influence was decisive at the summit, as was Uruguay's, Colombia's, Mexico's, and Chile's.*

President Carlos Menem has given assurances that the administration has not changed its policy toward Cuba.

Vice President Carlos Ruckauf said the same thing, more or less, before meeting with his U.S. counterpart, Al Gore.

Foreign Minister Guido di Tella voiced this bold interpretation: "Our policy is the same. The one who has changed is Fidel Castro," he contended.

After the recent Ibero-American summit it would seem difficult to reconcile these official words with events in the real world.

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First there are the symbols. The president went out of his way to be cordial to Castro, repeating some long-standing criticisms only after the Cuban leader had left Argentina.

Even then, the tone that he employed was much more subdued than on other occasions. In July 1993, for example, Menem lashed out at Castro in Bahia: "The situation in Cuba is indefensible because it is a dictatorship in which human rights are violated," he asserted.

Then there are the underlying issues. Argentina endorsed the summit document that called for an end to the embargo against Cuba. It also toyed with the possibility of a more straightforward rejection but sought to include, as compensation, an appeal for liberties and human rights on the island, which did not catch on among the main countries in attendance.

It thus managed to bring its foreign policy in line once again with the needs of Bill Clinton's administration, as the two countries had had their differences over the issue for several reasons:

- Menem has always sought to reap personal political dividends from his confrontation with Castro, ideological differences and key debates aside. He did so again in Bariloche; everyone was hanging on the words and gestures of the Argentine president and the Cuban leader.
- Policy toward Cuba has always caused clashes in the government, in which political interests have often combined with commercial ones.

After the United States and Cuba signed the immigration agreement in May to control the exodus of Cubans to Miami, there seemed to be growing signs of detente between Washington and Havana.

Despite pressure from Republicans, Clinton pushed for an accord opening up communications between the United States and the island in response to this undeniable fact: large segments of U.S. business fear that the slow economic liberalization ordered by Castro will wind up benefiting countries, like Spain, Canada, Mexico, and Germany, that have been investing there for some time.

U.S. economic sectors see another warning sign: the Cuban Government is starting bilateral talks with the European Union [EU] to hammer out trade agreements similar to the ones that are already at an advanced stage with Chile and Mexico.

Clinton's gestures (he gave Castro a visa so that he could speak this week at the United Nations) have for the time being elicited more of an economic than a political response from the Cuban president. We are beginning to see the system open up, but certain details that may have to do with the future of the Castro regime are not being overlooked either. For example, Castro's brief address in Bariloche was noteworthy in that his language could hardly be reconciled with the tenets of his revolution, and he used the International Monetary Fund and the World Bank as mirrors of the economic and social situation in the world.

Thus, the final declaration seemed to square with the purposes of the rapprochement between Washington and Havana. The pronouncement of the 21 countries opposing the embargo against Cuba preceded the U.S. Senate's passage of the Burton-Helms Act (backed by the Republicans), which calls for tightening the screws on Cuba even more. At the last minute Clinton succeeded in having an article that might have worked against the policy of rapprochement (it promoted prosecution of investors) stricken from the bill.

By the close of the Ibero-American Summit the Menem administration was backing a strategy designed by others: much of what happened there was seemingly the result of Spain's leadership and of cooperation among certain unexpected allies.

Even in times of political decline, although he remains far from resigned to giving up power, Felipe Gonzalez still wants Spain to play a leading role that may not square with internal developments there.

In this region of the world, however, it continues to exert influence, and the Bariloche summit showed as much. All of the nations of Latin America agreed to highlight in the second paragraph of the declaration the importance of Spain's current presidency of the European Union in building a bridge between Europe and Latin America.

The accord that the EU and the Mercosur countries will sign in Madrid in December may give rise to certain understandable questions (particularly because of the asymmetrical development of the two sides), but it cannot de denied that the chief of the Spanish Government was resolute in promoting it.

Something similar was the case with the debate on the situation in Cuba during the summit deliberations.

Gonzalez brought to the table the most specific proposal for the nations of Latin America to explicitly condemn the U.S. embargo against Cuba. He wound up accepting a softer final wording (though tougher than all of the documents seen so far), after several Central America countries, plus Argentina, also demanded criticism of the lack of liberties and human rights in Cuba.

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Castro himself accepted this trade-off. He preferred only an implicit mention of the Burton-Helms bill, which he also would have renounced, to having to endure public criticism of the political system in place on the island.

Lining up behind the Spanish position was Mexico, a traditional ally of Cuba in the region. It was followed by Peru, but perhaps the biggest surprise was the solidarity shown by Chile.

President Eduardo Frei has an unstable political situation in his country, one marked by constant challenges from the Armed Forces. He must not have found it easy to explain his stand to the military officers who have always thought that the Chilean guerrillas were financed from Havana.

Perhaps this is why he pressed until the very end, unsuccessfully, for the summit to explicitly condemn, as a sort of quid pro quo, the French and Chinese nuclear tests in the South Pacific, which General Augusto Pinochet had expressly criticized.

The president of Colombia also furthered Spain's goals. When the final declaration seemed to be languishing, Ernesto Samper proposed an "unambiguous" reference to the embargo against Cuba, in particular so as not to overlook the Republican bill that jeopardized the détente that Clinton is seeking.

Castro's presence in Argentina had a premeditated prologue. His visit to Uruguay went far beyond the interpretations involving only domestic politics.

The preparations seemed to go back very far. Julio Maria Sanguinetti reportedly raised the possibility in May during a meeting of the Rio Group. There were said to have been consultations with President Fernando Henrique Cardoso and, at a distance, with the Spanish Government.

The Spanish Socialist Workers Party (PSOE) and the Colorado Party have historically had smooth relations. Sanguinetti, who was then in the opposition, played a decisive role last year in getting Luis Lacalle's administration to extradite three members of ETA [Basque Fatherland and Freedom] arrested in Montevideo back to Spain.

Uruguay thus paved the way for Castro's trip to Argentina. And Sanguinetti sort of set the stage for him, informing the Cuban leader of the political climate that was going to prevail in Bariloche and telling him that his regime had to start making changes as regards human rights.

Castro's response and the response that Foreign Minister Roberto Robaina later gave Di Tella were almost identical: today the economic embargo would seem to be the factor that is scuttling any chance of political change.

Felipe Gonzalez has another card up his sleeve. If Cuba wants to move forward in its talks with the European Union, it will have to accept a frame of reference in which liberties and respect for human rights are priorities.

All of these factors, plus its status as the host country, presumably conditioned Argentina's actions at the summit and shaped its new policy toward Cuba, official proclamations notwithstanding. In the final accounting, the point was to stop ignoring a fact to which the Menem administration was particularly sensitive: it would have been bad for Washington if the summit had become an anti-Castro forum.

Menem may engage in some future verbal outbursts against Castro, but Argentine foreign policy toward Havana is not likely to change direction. This would also suggest the course that a long-standing battle among Menem supporters could take.

Cavallo has been advocating better ties with Cuba to close a deal on the **** 1.2 billion that the island has owed Argentina since the 1970's. The trips by the secretary general, Alberto Kohan, and Deputy Alberto Pierri had something to do with this.

Di Tella has also become convinced of the importance of change, after the lackluster support rally that Cuban exiles staged for Menem in Miami last year. The National Cuban-American Foundation, headed by Jorge Mas Canosa, is anchored to the hardest-line factions of the Republican Party and by now is hardly representative of the many Cubans residing in the United States.

Among all of the trips to and from Cuba, one was particularly noteworthy and perhaps heralded the administration's new phase: Maria Julia Alsogaray was received by Castro recently and was seen once again by his side in the corridors of the Llao-Llao Hotel.

The secretary of the environment had been the Argentine human rights delegate of the organization that Mas Canosa heads.

In spite of everything, some still seem to be trying their hand there. Jose Luis Manzano takes frequent trips from San Diego to Miami; Adelina de Viola keeps trying to get the powerful Cuban leader in exile to invest in Argentina; and the ambassador in Costa Rica, Humberto Toledo, has not given up as an intermediary.

After Bariloche, however, it is starting to become clear who the winners and losers are in this battle inside the government.

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Government 'Economic Paralysis' Viewed

96SM0017A Buenos Aires LA NACION in Spanish 24 Oct 95 p 7

[Commentary by Joaquin Morales Sola: "No Other Ways of Returning to Paradise"]

[FBIS Translated Text] Upon returning from overseas and before becoming absorbed once more in the whirlwind of infighting, the economy minister found a government that was very close to collapse.

For about a month the steady decline in tax revenues had been postponing all of the national government's payment authorizations, with the sole exception of wages and pensions.

At the most recent meeting of the national cabinet, the secretary of finance, Ricardo Gutierrez, responded to the sobbing of ministers and officials with this short, blunt remark: "The current level of revenues allows only for the payment of wages and pensions. Do not ask for more than that."

Nevertheless, keeping state institutions going requires meeting commitments other than just paying public servants. Several anecdotes from recent days bear mentioning here, as they illustrate better than anything else what is going on:

- Several of our ambassadors have threatened to sue the government because the delay in funds transfers has forced them to borrow money from banks and later pay interest and penalties.
- The Army demanded $500,000 in 48 hours or else it said it would cancel the Meeting of Armies of the Americas, which is scheduled for November in Argentina.
- Last Wednesday, the Government Palace, along with several other official agencies, received a warning that their electric power would be cut off because they had failed to pay their bills.
- It was not until five days before the start of the summit of Ibero-American presidents in Bariloche that the national government was able to release $2.5 million in funds to defray the expenses of the gathering. The diplomats in charge of organizing it were on the verge of calling for its cancellation.
- It was not until two days before Menem left for New York that the Treasury was able to make available the funds to prepare and service the presidential jet.
- The president's personal message on the anniversary of 17 October was not published until the 18th. The Ways and Means Secretariat of the Presidency did not have the funds it needed to print it before then.

The State on the Brink

If the budget shortfalls have made themselves felt at the very summit of power, the lack of funds at the intermediate and lower levels of government has pushed the state to the very brink of collapse.

Moreover, the national government's hardships are preventing it from helping the provinces whose financial situation is calamitous. Six are placed in the category of potentially explosive: Cordoba, Rio Negro, Tucuman, Jujuy, Formosa, and San Juan.

The reason for the financial straits is the paralysis of the economy, which is thwarting the chances for increased state tax revenues, above and beyond evasion, which at this point is having less of an effect on the government's ability to collect taxes.

"For the first time in a long time Argentina has a capitalist economy, and under this system a recession causes an inevitable fall in revenues," a senior official on the economic team explains.

The most recent political crisis is also partly to blame. The conflict between the president and his economy minister abruptly halted the incipient recovery, which began in early August, and once again caused a flight of capital, which had started to return after Mexico's swoon.

Economic experts surmise that without the most recent political crisis Argentina would have grown one percent in 1995 and five percent next year.

Now, however, owing to the distress caused by the infighting, the country will most likely end the year with no growth at all and might grow, if all goes well, just two to three percent in 1996.

The Disruptive Contradiction

The fact is, what created serious question marks and deepened the recession were the doubts about whether Minister Cavallo would stay on. The contradictory moves by the president and his minister (one day he was going to remain in his post; the next day he was supposedly leaving) are delaying the private initiatives to get the economy moving.

Argentina now commands the same degree of confidence overseas as Colombia, whose president is hamstrung by accusations of links to drug trafficking. But the Colombian economy would not undergo changes if the charges wound up sweeping Ernesto Samper from power. In contrast, if Cavallo were to leave, a great many questions would arise about the continuity of Argentina's economic program.

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Argentina is also the only emerging market that did not benefit from the wave of investment over the past two months stemming from the drop in interest rates in leading countries. As we can see, Cavallo's denunciations and Menem's revenge have brought about something more than just constant entertainment for the Argentine political world.

What is to be done in the face of an exhausted state that cannot deliver on its own budget? The option of resorting to overseas borrowing to finance the government's current expenditures is regarded as heresy by economic officials.

Yet several ministers have advised Cavallo to take that route. "Why can the United States, France, or England do it and not Argentina?" the apostates ask.

A Shortcut

The more orthodox Cavallo has found another shortcut to the same place. He will request foreign loans as advances on the privatizations that were scheduled for this year but postponed until 1996. One example is the Yacyreta hydroelectric plant, a privatization that has to overcome broad, heterogeneous opposition.

Our economic officials are taking for granted that the international financial community will help to bring in these advances, which would put the state on its feet again, although there would not be enough time to do many of the things provided for in the 1995 budget. A de facto adjustment would follow the various budget cuts this year.

"This is a chance for Cavallo's friends in the international financial community to do something more than just make statements. The plan is on very shaky ground," cautions one member of the national cabinet.

The economic team is also proposing some political decisions, which would have a greater impact than contradictory words do in the economic arena. It is advocating quick approval of the budget legislation for next year, passage of a ministries law that does not weaken Cavallo's position, and the implementation of the delayed reforms in the provinces.

The latter is the toughest of these decisions, because in some provinces reality and need will clash. In many of them a highly explosive social climate takes precedence over the need for wage and staffing cuts.

"There will be no elections for two years. This is the time to endure the protests and the demands. Otherwise, we will have them on the eve of the next national elections," a Cavallo lieutenant argues.

The Versions of Changes

One other question is driving the people involved in the infighting crazy with distress: What will happen in the administration in light of the crisis in government funding? Is it this crisis that caused the new wave of rumors about imminent changes in much of the Menem cabinet, including Cavallo himself?

There are, in fact, those who say that the government's financial straits will wind up shrinking Cavallo's political leeway. "We got smaller, and the budget items that remained were approved by the Economy Ministry; Cavallo is in charge of getting the money. If he cannot do it, then someone else will have to come in and do the job," one national minister proposes with greater candidness than realism.

Those who prefer to cultivate the experience assume, in contrast, that it will not be this crisis that divorces Menem from Cavallo once and for all. "Menem has never broken with Cavallo when things heat up," they argue.

The state's economic paralysis is deepening the recession, and the continued recession, in turn, is making unemployment worse, the administration reckons. As long as the economy is in recession, moreover, the government will not be able to bring in greater revenues. The cycle feeds itself.

The mood in society, one marked by fear and skepticism, suggests that fresh conflicts are in the offing. So far, no one has proposed an alternative way of returning to paradise either.

Bolivia

Foreign Minister, Coca Growers' Leader on Failure of Talks

PY1011145895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 10 Nov 95

[Report by Hans Soria in Cochabamba]

[FBIS Translated Text] After the talks with the coca growers were discontinued, the government confirmed its decision of compulsorily eradicating all surplus coca crops involving more than 2 hectares per family, as of 16 November, in order to meet the 5,400-hectare target by December.

Foreign Minister Antonio Aranibar, the Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking], has reported that the Armed Forces would not become involved in the process of compulsory and compensated eradication of coca crops. [sentence as heard] He said the organizations established by law

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alone, such as Umopar [Mobile Police Unit for Rural Areas], Direco [National Directorate for Agricultural Reconversion], and Dinaco [National Directorate for Coca Control], would become involved in order to prevent possible conflicts.

Aranibar deplored the fact that, as the talks were discontinued, it was not possible to achieve agreements on eradication programs or schedules and alternative development programs, with the participation of peasants.

Aranibar emphasized that, with or without agreements, the government would meet the target of eradicating 5,400 hectares of surplus coca crops by December because that represents a commitment to the international community that would guarantee foreign economic cooperation for our country.

After holding the government responsible for the severance of the talks, Evo Morales, the Coca Growers Coordinating Board [Coordinadora Cocalera] president, emphasized that any attempt to forcefully eradicate the coca crops would be rejected by the self-defense committees that have been duly organized.

Morales reported that a congress of coca growers federations would assess the severance of the talks and plan the resistance to the forceful eradication of coca crops — involving hunger strikes and protest marches to achieve the release of six peasants who have been accused, without any evidence, of terrorism and drug trafficking.

Morales warned that the government would be responsible for any confrontation, social tension, or violence prompted by the forceful eradication of coca crops.

Morales ultimately said he is willing to return to the negotiating table if the government and the commission for expediting court proceedings [comision de agilizacion de procesos judiciales] pave the way for the immediate release of his fellow coca growers.

Brazil

President Announces Measures To Expedite Agrarian Reform

PY1111020395 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 11 Nov 95

[FBIS Translated Text] The government launched a package of measures to expedite the agrarian reform process. The debt burden farmers must bear will be lighter. Farming loans will be corrected by the TJLP, Long-Term Interest Rate, which is 12 percent annually. This was sanctioned in law by President Fernando Henrique Cardoso today.

The summary proceeding by which land is confiscated is not summary because a court order must be issued, unless the law is changed. The government will propose that once a land confiscation decree is published in the DIARIO OFICIAL DA UNIAO, independently from the fact that the land owner appeals to a court, the INCRA, [National Land Reform and Settlement Institute] will attain ownership of the land in 48 hours. The proposal to change the law was sent to Congress today.

This means that 3,624 families will receive a land property title; this represents the distribution of 112,000 hectares of land in 10 days. The president signed 40 decrees today to confiscate this land.

All this is part of a package of government measures to expedite the agrarian reform process. The Landless People's Movement [MST] acknowledges that this will help, but it considers that this is not enough. According to the MST, the land confiscation actions do not reach areas in conflict in the states of Pernambuco, Sao Paulo, Rio de Grande do Sul, and Parana.

As he announced the agrarian reform package, President Cardoso expressed regret for the clash between landless peasants and the police that took place yesterday in Parana State, and he condemned the radicalization of actions:

[Begin Cardoso recording] Never before have I seen landless peasants using Molotov cocktails. A Molotov cocktail is not an agrarian reform instrument. It is also not possible to accept this. The violent attitude of those who occupied the plot is not an excuse for the police to use greater violence still. Such an atmosphere will not lead to an agrarian reform. [end recording]

Navy Seeks Funds To Launch Nuclear Submarine by 2007

PY1011131195 Sao Paulo AGENCIA ESTADO in Portuguese 2032 GMT 9 Nov 95

[Report by Jose Maria Tomazela]

[FBIS Translated Text] Sorocaba, Sao Paulo, 9 Nov (AE) — The Navy will launch the first Brazilian nuclear submarine between 2006 and 2007 at a cost of $2.2 billion. The project, which began in 1979, has managed to master, along its first eight years of existence, the nuclear fuel cycle. The Navy is now working on the submarine's propulsion system which includes the construction on dry land of a prototype of the reactor that will equip the vessel. So far it has cost $800 million. In order to conclude the project, the Navy needs $500 million more. The construction of the submarine will still require another $900 million.

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Rear Admiral Ivan de Aquino Viana, director of the Navy Technology Center (CTM), revealed these figures at a news conference today. The news conference is part of the Navy's strategy to convince the government to allocate more funds for the project. "The nuclear submarine is not a Navy project but a project of Brazilian society," said Navy Public Relations Director Captain Wellington Liberatti. The reporters began their visit to the CTM on the Sao Paulo University campus, and continued at the Aramar Experimental Center, in Ipero, 130 km from the capital, Sao Paulo. Some installations, like the cascades for enriching uranium by 20 percent, were filmed for the first time.

The Navy's strategy includes convincing deputies to support the project in Congress. A group of congressmen visited the Aramar Center two months ago. The visit yielded a practical result: Deputy Paulo Heslander (PTB-MG) [Brazilian Labor Party-Minas Gerais], vice president of the Science and Technology Committee of the Chamber of Deputies, left the center with such enthusiasm that he presented a draft bill proposing a specific budget allocation of $89 million for the project. According to Rear Admiral Viana, the flow of funds for the Navy nuclear program has been being reduced for the past five years, but this year it has reached its lowest level. Beside the maintenance funds, which amount to $30 million per year, the project received only $25 million. "We needed at least $60 million to maintain the timetable," he said.

If the administration maintains the current level of allocation of funds, the nuclear submarine will only be ready in 20 years. However, the rear admiral trusts there will be a change of direction. According to him, the Navy and the government are both convinced that the nuclear submarine is the best alternative for defending the Brazilian territorial sea. "That does not mean we will cease building conventional submarines," he said. Brazil has a fleet of six conventional submarines, three of them made in Brazil with German technology. Three others are under construction. A nuclear submarine costs three times the price of a conventional submarine, which is $350,000. The autonomy of a conventional submarine is estimated in hours, while that of a nuclear submarine is calculated in months.

Ultracentrifuges: The uranium enrichment machines, called ultracentrifuges, is the best well-kept secret of the Brazilian nuclear submarine. The Navy asserts it has 1,000 Brazilian-made units in operation, but it has not shown the equipment to the public. They are hidden behind partitions. "It is an industrial, not a military, secret," said Rear Admiral Ivan de Aquino Viana. According to him, the pieces of equipment built in Aramar are the most advanced equipment in the world and therefore greatly desired. "We even had problems with some members of a delegation from the International Atomic Energy Agency [IAEA] which, by virtue of a treaty with the Brazilian Government, inspects us every two months." According to him, a Spanish engineer from the IAEA was caught climbing over a partition looking at the equipment. "We had to ask the IAEA to remove him from the delegation."

Enriched uranium serves as fuel for nuclear reactors like the ones in Angra dos Reis, and also to manufacture an atomic bomb. Ultracentrifuges serve to enrich and separate raw uranium as found in nature from the 235 isotope, which is lighter. The Aramar center has managed to enrich uranium by 20 percent, which is enough to move the submarine's reactor. An atomic bomb needs uranium enriched by 90 percent.

In six years, the Navy will supply 35,000 ultracentrifuges for the Nuclear Industries of Brazil (INB), which will install an enriched uranium factory in Resende, Rio de Janeiro. The equipment will be delivered at cost price. The uranium will be used to supply the Angra-1 and Angra-2 nuclear plants, and the excess production will be sold on the international market. According to the Navy, the international nuclear market moves $15 billion per year.

Restriction of Argentine Car Imports Ruled Out

PY0711014395 Sao Paulo AGENCIA ESTADO in Portuguese 2315 GMT 6 Nov 95

[By Odail Figueiredo]

[FBIS Translated Text] Buenos Aires, 6 Nov (AE) — President Fernando Henrique Cardoso today denied that the government intends to enforce restrictions on imports of cars and car parts from Argentina. He noted that the conversations the two governments are holding are aimed at establishing a common mechanism for the automobile sector within Mercosur [Common Market of the South]. "No limits will be imposed on imports," the president said.

In an interview granted to Brazilian and Argentine journalists, Cardoso gave assurances that the Brazilian Government will make no decision without broad previous consultation with the other side. "Brazil and Argentina today have a symbiotic relationship, and any measure harming the economy of either country is unacceptable," the president said. "Brazil wants the Argentine economy to function well, and vice versa."

The president also ruled out the possibility that the Brazilian Government would adopt new consumption restriction measures in order to prevent end-of-year sales from causing price increases. He said the measures

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the government adopted in the first half of the year were aimed at checking consumption among higher income sectors, which had increased imports. What should happen now is a normal growth of consumption near Christmas. "The government is even happy with that," he emphasized.

The Argentine Government and businessmen follow the performance of the Brazilian economy with growing interest given the Argentine companies' dependency on the Brazilian market. The most recent official figures show that between January and July, Argentina imported $2.3 billion worth of goods from Brazil and exported $3.4 billion, thus registering a $1.1 billion surplus in its trade balance with that country.

According to President Cardoso, whatever eventual specific measure the Brazilian administration adopts to correct economic imbalances should be regarded as something natural. "Argentina's greatest interest is the consolidation of stability in Brazil," he said. The important issue, he added, is the increasing integration of Argentina and Brazil as well as of Uruguay and Paraguay, in Mercosur [Common Market of the South]. The president said he hopes Chile will soon sign the preliminary agreements that will allow it to move closer to Mercosur.

Foreigners' Exemption From Corporate Tax To Continue

PY1011134395 Sao Paulo AGENCIA ESTADO in Portuguese 2152 GMT 7 Nov 95

[Report by Beatriz Abreu]

[FBIS Translated Text] Brasilia, 6 Nov (AE) — Foreign investors will continue to be exempted from paying income tax on stock exchange applications. Finance Minister Pedro Malan today negotiated an agreement with Deputy Antonio Kandir (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] so that he withdraws from his Corporate Income Tax alternate bill the article that taxes foreign capital in the stock exchanges by different percentages until 1998.

"Everything will remain exactly the same," Kandir said after a long lunch with Malan and with Federal Revenue Service Secretary Everardo Maciel. The agreement — signed with Kandir, who is rapporteur of the mentioned bill — will be confirmed tomorrow when his bill is voted on in the Chamber of Deputies. In practice, the bill maintains the current rules for national investors, who will continue paying a 10-percent tax on their profits from the stock exchange.

Malan's cautious position when negotiating the agreement with Kandir neutralizes the pressures that investors exerted in the past few days, and it frees the government from the risk of scaring away foreign capital. "The issue has been postponed," Kandir explained. According to him, the government will only discuss eventual changes to the taxation on stock exchange applications when it obtains a clearer picture of similar legislation in other countries. "There is a strong tendency for exemptions in emerging economies," Kandir added.

Since the government announced the original proposal of taxing national or foreign capital by 15 percent, foreign investors began to oppose it. The situation was somewhat cooled down with Kandir's alternate bill, which foresaw that foreign capital would pay 5 percent tax in 1996; 10 percent in 1997; and 15 percent in 1998, while applications by individuals for more than 180 days would be exempted from tax. Kandir's proposal, however, did not please Everardo Maciel, who insisted on equal treatment for national and foreign capital. A new opposition front was then created, this time within the government. Maciel feared losing control over stock exchange applications.

Kandir, however, simplified the taxation on the stock exchange because the government considered it best to leave the issue "for later on." "We admit that the tax could affect the privatization program, small companies that seek capital, and scare away a capital that is naturally coming into Brazil," he acknowledged. He expressed optimism at the agreement negotiated with Malan and guaranteed that the proposal will be approved "with calmness and consensus" in Congress.

The change to Kandir's alternate bill will be very simple: When the bill is put up for voting, he, as rapporteur, will present an amendment to eliminate the Article that modified the taxation the stock exchange applications. [sentence as received] "There is no reason for making a desperate decision," he said. Kandir rejects the possibility that the pressure exerted by investors and the stock exchanges caused the change of position. "The pressures did not cause any effect. The issue had been in discussion for many days," he said.

Finance Minister on Unemployment, Bank Mergers

PY0911141595 Sao Paulo AGENCIA ESTADO in Portuguese 1835 GMT 7 Nov 95

[Report by Denise Neumann and Mario Rocha]

[FBIS Translated Text] Sao Paulo, 7 Nov (AE) — Finance Minister Pedro Malan today noted that the positive effects of the measures implemented to make the economy more flexible may still take a long time to become evident in the economic scenario. He made a point of emphasizing that "in terms of restrictive

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policies, the worst is over." He then added that "the problem lies in the fact that the effects of economic policies are always late in being felt."

Answering a question about the ever-increasing level of unemployment, new drops in industrial production, and the difficulties small entrepreneurs have to pay for their employees' Christmas bonuses, Minister Malan warned: "The effects of the measures to make the economy more flexible, just like the effects of the measures to contract the economy, require a certain amount of time before becoming a reality to the world of production, sales, and consumption." He pointed out that the restrictive measures were first implemented in the January-March period and their effect only began being felt in the June-August period. Malan also warned that "the journey is long and full of hardships."

Malan emphasized that, according to the Central Bank [BC] Selic [Computerized System for Surveillance and Liquidation] data, nominal effective interest rates have already registered a 30-percent drop between March (when it stood at 4.26 percent) and the current rate (2.88 percent to 2.89 percent). He added that the administration has already allowed 25 percent of the mandatory deposits to be injected into the economy. Malan today attended the opening of the seminar "London, a Global Partner for Brazil." The ceremony was presided over by the Duke of Kent, who is the vice president of the British foreign trade office.

According to Malan, there are three factors that are provoking unemployment. First, he cited structural reasons: Today one can produce more with fewer people as a result of the technological revolution. Secondly, he cited the opening of the Brazilian economy: Earlier, imports accounted for only 6 percent of the GDP but today imports account for approximately 8 or 9 percent of the GDP. Thirdly, Malan mentioned the administration's short-term macroeconomic policy. He said: "Today's unemployment is being provoked by all three of these factors."

Malan also defended the Provisional Measure [MP] that paves the way for mergers of banks and noted that the economic team is certain that the MP Is legal. He said: "The MP is based on current laws." He added: "Others may have a different view and thus a debate might ensue." Elaborating on the MP, Malan said that it would be incumbent upon the people to decide whether having a solid, sound financial system is in their best interests.

Malan reiterated that the MP is not a blank check and that the concession of a special line of credit to finance a merger will require a special authorization by the BC, which will grant it on a case-by-case basis. He said the objective is always to preserve the health of the financial system. He characterized as "monumental blunders" the predictions of certain consultants about the number of banks the country will have as a result of the merging process. He said: "No one could answer the question about how many banks Brazil will have."

Malan stated that it is incumbent upon the Congress to discuss how the taxation of foreign capital in stock markets will go. He said: "I am not going to comment on how that is going to go."

Domestic Debt Said To Total 90.8 Billion Reals

PY1011175595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Nov 95 Section 2 p 7

[FBIS Translated Text] By June 1995, the federal administration's domestic debt was lower than that of July 1994, when the Real Plan was implemented. The foreign debt, however, remained more or less the same.

In the July-September period, the domestic debt increased and the foreign debt decreased. How could that happen?

The federal domestic debt consists of certificates that are in the financial market, and of mandatory deposits, i.e., the money the banks must deposit in the Central Bank [BC].

This is the so-called relevant domestic debt, on which the federal government pays interests. This debt jumped from 65.3 billion reals [R] at the end of June to R90.8 billion at the end of September, which represents a sharp increase of more than 38 percent.

This has occurred because, initially, the high interest rates have attracted foreign resources. As a result, BC reserves in dollars increased, but the domestic debt has also increased.

The mechanism is as follows: The foreign investor hands his dollars to the BC and receives reals in exchange.

Therefore, the more dollars enter the BC and increase its reserves, the more reals are injected into the economy. As the excess of currency causes its devaluation, the BC has to sell certificates in the market to avoid that.

The BC thus gets the reals back, but again increases the domestic debt and the interests the government has to pay on this debt.

In addition, the domestic debt also grows due to other factors, such as the money the BC injects into certain banks to prevent them from going bankrupt. The R3 billion the BC invested in the Economico Bank were an example of that.

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In the July-September period, the government had to issue certificates in order to collect money that it returned to the banks when it reduced the mandatory deposits in order to prevent a recession.

Considering all that, we will understand how the federal domestic debt has increased by R25.5 billion.

The compensating aspect of this process is that the net foreign debt decreases. The net foreign debt is the overall foreign debt less the country's reserves.

In September, this net foreign debt totaled R27.4 billion. Added to the domestic debt, it totalled R118.2 billion.

This seems a lot, doesn't it? No, answers Francisco Lopes, Central Bank director for Monetary Policy. According to international standards, any debt below 60 percent of the GDP is all right, he said.

From the government's viewpoint, there is still room to grow. If the domestic debt grows by 38 percent every three months, however, the public accounts will soon get out of hand.

In other words, we can be sure that the government will reduce the interest rate and the admittance of foreign capital in order to prevent the domestic debt from growing further.

Government Says Debt Not Grown 'Explosively'

PY1011175695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Nov 95 section 2 p 5

[FBIS Translated Text] The government has compiled extensive statistical data to prove that the federal debt has not grown explosively since the implementation of the Real Plan.

The government was thus trying to deny nonexistent criticism: The federal debt only grew to the extent of creating concern in this second half of the year.

Last July, the public domestic debt in certificates totalled 69.5 billion reals [R]. In September, it totalled R98.4 billion, and currently it already surpasses R100 billion.

Except for this period, the debt increased only 12 percent during the first 12 months of the Real Plan, and stood below the level of the inflation rate. The problem the government has is that this period of stability of the debt has taken place for reasons that will not occur again.

In the first six months of the plan, the volume of money in the economy jumped from R3.5 billion to something like R18 billion, because people began to have more money in their pockets. This money resulted from investment in government certificates.

During the first six months in 1995, the effects of the Mexican economic crisis made foreign investors take their dollars out of Brazil. National reserves in dollars dropped by nearly $5 billion, plus the money that was anchored in federal government certificates.

Once these two phenomena ended, the debt never stopped growing. "This has lit the red light for us at the Ministries Square," Planning Ministry Adviser Fabio Giambiagi said.

He believes that a worrisome combination will be a permanent for the next few years: an increased public debt resulting from the federal, state, and county governments' deficits.

Giambiagi asserted: "This will demand more control from now on."

Central Bank Francisco Lopes agrees that public accounts tend to have deficits, but refuses to make projections about the future behavior of the debt.

"At the end of the last century, someone forecast that in the 20th century, London would be flooded with horse manure due to the increasing number of carriages running along its streets," Lopes says, laughing. "He could not have guessed that automobiles were going to be invented."

Mandatory Reporting on Financial Operations Rule Approved

PY0911190095 Sao Paulo AGENCIA ESTADO in Portuguese 2219 GMT 7 Nov 95

[Article by Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 7 Nov (AE) — The Economic Affairs Committee (CAE) of the Senate unanimously approved today the alternate proposal of Senator Onofre Quinam (Brazilian Democratic Movement Party-Goias), which forces all financial institutions to report monthly to the Federal Revenue Office all operations by their clients that involve more than 20,000 Reference Fiscal Unit (equivalent to 15,904 reals). Senator Quinam, who presented an alternative proposal to that of Jose Eduardo Dutra, asserted that the proposal does not harm the bank secrecy principle. Dutra is a Workers Party senator for Sergipe. Quinam said: "The proposal just transfers bank secrecy from the Central Bank and the Securities and Exchange Commission (CVM) to the Federal Revenue Office."

Despite having been unanimously supported by the CAE — including by government deputy leader Senator Vilson Kleinubing (PFL-SC) [Liberal Front Party-Santa Catarina] — some resistance is already being offered

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to the proposal. Senator Belo Parga (PFL-MA) [PFL-Maranhao] filed a request at the Senate Board asking that the alternate proposal be discussed in the Constitution and Justice Committee of the Senate.

Quinam's alternate proposal establishes severe penalties on the Federal Revenue Office in case of information leaks. One argument used by the senators who are against the proposal is that it harms the bank secrecy principle established by the Constitution. Quinam asserts: "The bank secrecy principle should not be absolute, to the point of serving as a smokescreen for laundering operations for resources derived from various criminal activities, or to hinder the efforts of the Federal Revenue Office to fight tax evasion."

For the purposes of the law, the alternate proposal classifies the following as financial operations: demand and time deposits, including savings pass books; payments by check or cash; the issuance of credit orders or similar documents; cash in demand and time deposits, and in savings pass books; the cashing of promissory notes; the purchase and sale of bonds; the purchase and sale of variable bonds [titulos de renda variavel]; investment funds; the purchase of foreign currency; remittance of resources abroad and exchange of foreign currencies into reals; operations paid in gold; and any other operation of a similar nature that are authorized by the Central Bank, the CVM, or another appropriate organization, in accordance with the laws.

Noncompliance With WTO Deadline Results in 'Silent War'

PY1011145695 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Nov 95 p 12

[Editorial: "Trade War"]

[FBIS Translated Text] Brazil is running the risk of having to import instant coffee from Mercosur [Common Market of the South] member countries that do not grow coffee but which have the advantage of fiscal planning to promote the export of raw materials. The country is also running the risk of seeing taxes on green coffee increase in the EU because the Brazilian Government did not comply with the deadline established for negotiating international agreements aimed at stabilizing and reducing subsidies within the framework of the WTO.

One way or another, everything is related to the silent war being fought at the turn of this century over the opportunities blocs and countries have of exporting. It is no secret that numerous raw materials and manufactured products can only be exported due to subsidies included in the prices.

Some regions overprotect the national producers in order to preserve the companies' profit and the level of employment. There is nothing more shocking, for example, than the subsidy the Japanese grant to the country's rice planters; the EU subsidy given to their sugar producers, which stands at about 60 percent; or the one the United States concedes to the Florida orange growers. The Brazilian alcohol fuel has been kept out of the U.S. alcohol market due to the work of rival lobbies [preceding word in English] that have created fiscal barriers that cannot be overcome.

Until September, the accumulated trade balance deficit totalled $3.4 billion. More recent results have allowed the country to breathe more easily. This is due, particularly, to semi-manufactured products and the suddenly reduced amount of cars being imported. From January to July, the amount of semi-manufactured products increased by 30 percent. In the same period, the amount of manufactured products increased only by 0.03 percent, which is equal to almost nothing.

Foreign trade performance is related to the level of interest rates because through the Advanced Exchange Contracts (ACCs), exporters compensate for the exchange policy rigidity. Many enterprises are making heroic efforts to increase their productivity and are recognizing that their competitors' good performance cannot be explained only by the characteristics of the exchange policy. While Brazil was increasing its exports by some 7 percent per year, the other emerging market countries increased their exports by 15 percent. We must remember that Japan leads international trade with a currency, the yen, which is permanently becoming more valuable. How can these differences be explained?

Foreign trade is no longer an easy area capable of obeying only the centralized and bureaucratic command of central banks. Although exchange and taxes are relevant factors, trade responds to the cost of transportation and services and requires good production technology, marketing, and an adequate legislation. This complex net of interconnected interests surpassed the capacity of governments and of their diplomatic and bureaucratic machinery. No matter how good bureaucracy is, it is subjected to political and administrative discontinuity.

This may explain why Brazil has seriously faltered and, finally, failed to meet the established deadlines and to use the defense instruments it had at its disposal, as did other governments that, to start with, established high levels of subsidies with the WTO.

The Brazilian private area must get reorganized in an independent manner in order to face the foreign trade hardships, but with the government's support and understanding. To achieve that, it must make use of

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market structures and organizations that are capable of ensuring the continuity of discussions on the country's interests, as well as on a long-term strategic vision. This task is not the responsibility of the exporters and their associates alone; it must also gather producers, stock markets, and middlemen.

Particularly in Mercosur, several of the mistakes already committed are a result of the government monopoly over discussions held within the bureaucratic spheres. This is due to the agreements signed between the governments and their preliminary nature. Foreign trade is not a peaceful process. It is a war fought over spaces and jobs. When a shirt made in Asia arrives in Brazil at the price of 4 cents, we are not facing trade competitiveness, we are facing a dumping [preceding word in English] case and a violent way of displacing a local competitor. This war can only be faced or won if an infantry of private interests is able to maintain adequate logistic efforts for long spells of time and concentrate on well-defined objectives.

Japanese Entrepreneurs To Visit in Feb

PY0911140195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Nov 95 p B5

[Article by Tania Monteiro]

[FBIS Translated Text] Brasilia — Representatives of the Japanese Federation of Industries and Brazilian entrepreneurs will meet in Sao Paulo in February to discuss new opportunities for business and investment in Brazil. Vice President Marco Maciel and Soichiro Toyoda, president of the Japanese Federation of Industries, scheduled the visit on 2 November. According to Maciel, the negotiations will take place in a country with a stable economy and with a very favorable atmosphere for foreign capital. "The Japanese entrepreneurs will find a country that has been politically and economically restored, and which is firmly committed to modernization and internationalization."

The Japanese entrepreneurs have requested information on the Brazilian Government's plans to privatize the Rio Doce Valley company. Maciel has explained that the sale of the Rio Doce Valley company is "irreversible," and that it will allow the admittance of new capital assets into the enterprise, increase its production, and enlarge its markets.

Vice President Maciel deemed the results of his four-day trip to Japan positive. He pointed out that in the meetings held with Japanese officials and entrepreneurs, he could feel their satisfaction over the implementation of the Real Plan and their interest in resuming investment. Foreign Affairs Minister Yohei Kono emphasized that 350 Japanese companies are already operating in Brazil, and that the country has received the largest amount of Japanese investment, after the United States and Germany. According to Kono, these investments clearly show that Brazil remains an important trading partner for Japan.

Editorial Views New Aspects of Corporate Income Tax

PY1011134095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Nov 95 p A3

[Editorial: "The New Corporate Income Tax"]

[FBIS Translated Text] The Finances and Tax Committee of the Chamber of Deputies has unanimously approved Deputy Antonio Kandir's evaluation of the corporate income tax. The plenary session of the Chamber will probably vote on the issue next week. Nevertheless, there may be amendments regarding taxes levied on capital profit, although Federal Revenue thinks that such a measure would be a step backward because it will reduce revenue by some 400 million reals.

Reduction in rates represents a great achievement, even if we consider that the enterprises will no longer be able to apply monetary correction to their balance sheets. As a matter of fact, if the inflation rate is less than 20 percent — and everything indicates that it will be less than that next fiscal year — the tax burden of the enterprises may decrease. If we consider that the tax burden is responsible for most of the "Brazil cost," the decision is positive and it may contribute to attracting foreign capital to be used in investments.

It was due to this objective and to the more favorable regime in force in other countries that Deputy Antonio Kandir agreed to go back and adopt the government's original proposal. It exempts remittances of profit abroad from paying 15 percent taxes because if this tax were levied on the remittances they would be paying double taxes. This measure will have a highly positive effect on foreign investors who did not have to pay double taxes on their profit in other Common Market of the South member countries either. It has been established through a constitutional amendment that there should not be discrimination between foreign and national capital. As a result, to levy taxes on remittances has been considered a disadvantage for foreign capital investors and would have proven negative now that the government is trying to attract risk capital.

The most controversial issue, however, refers to taxes levied on capital gains obtained through operations at stockmarkets. The original project contemplated the establishment of taxes that would become gradually higher

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over a period of three years. The stockmarket brokers, however, have taken a very dim view of this, because they were convinced that it would discourage foreign investors. Nonetheless, the rapporteur's evaluation contemplated the possibility that, in the case of a more than 180-day term investment, Brazilian and foreign investors alike would be exempted from paying taxes. Finally, however, it has been decided that this exemption would be valid only for individuals, while the corporations would be able to compensate for it in their income tax declaration.

Federal Revenue wants the tax to continue being levied because they believe the Federal Treasury will have to face huge losses if there is exemption. They also think it will be very difficult to find out who had the profit — individuals or corporations. Apparently, however, during the voting at the plenary session the government will try to annul the tax exemption accepted by the Finances and Taxes Committee.

Roundup of Economic Reports Through 9 Nov

PY0911165295

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 9 November.

BASIC LEADING INDICATORS

The Brazilian Institute of Geography and Statistics, IBGE, has announced that the unemployment rate increased in September to 5.19 percent compared with 4.90 percent in August. Male unemployment in September increased by 10 percent, while female unemployment remained stable. The regions where unemployment rate fell most between August and September were Sao Paulo, 18.3 percent, Salvador 3.7 percent; and Porto Alegre, 1.9 percent. The sectors that registered the highest unemployment rates were civil construction 6.68 percent; the manufacturing industry, 8.4 percent; and services, 6.2 percent. Commerce was the only sector that increased hirings, by 1.6 percent. The number of occupied people dropped by 0.5 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1736 GMT 3 Nov 95)

The Economic Research Institute Foundation, FIPE, announced that inflation in Sao Paulo climbed to 1.48 percent in October, compared with 0.74 percent in September. The factors that most increased were fuel, cigarettes, and bread. The 1995 inflation in Sao Paulo is 20.28 percent, and 25.47 percent for the past 12 months. (Sao Paulo AGENCIA ESTADO in Portuguese 1054 GMT 6 Nov 95)

The Getulio Vargas Foundation reports that the Consumers Price Index, IPC, in Rio de Janeiro climbed by 0.62 percent in October, as it did in September. This reflects the expenses of families that earn between one and 33 minimum wages in the metropolitan region of Rio de Janeiro between 1 and 31 October. The highest increase was rent which increased by 2.96 percent. Food prices, however, dropped by 1.65 percent compared with September. Public services increased by 0.16 percent and residential goods by 0.85 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2149 GMT 7 Nov 95)

The IBGE today reported that the National Consumers Price Index, INPC, jumped from 1.17 percent in September to 1.41 percent in October, while the Expanded Consumer Price Index, IPCA, jumped from 0.99 percent to 1.41 percent. The INPC reflects inflation among families that earn up to 8 minimum wages in 11 metropolitan regions. The IPCA reflects inflation among families that earn up to 40 minimum wages in the same 11 metropolitan regions. (Sao Paulo AGENCIA ESTADO in Portuguese 2242 GMT 8 Nov 95)

Silvano Valentino, president of the National Association of Automotive Vehicle Manufacturers, Anfavea, today said that car manufacturers plan to increase production "to avoid the need for more protectionist measures." The industry plans to increase production by 10 percent in 1996. Some 1.64 million cars will be manufactured this year. He said that once the car industry covers domestic needs, car import tariffs will return to normal. Valentino said the 10 percent increase includes exports expectation since the domestic market is expected to grow by 5 percent in 1996. The export volume is expected to drop by 25 percent to a total 285,000 units. He said the drop is mainly due to the reduced Argentine market. Production this year will nonetheless be 3.7 percent greater than that in 1994. In October, 150,624 units were produced. This is 13.29 percent more than in September. Total sales of national and imported cars, trucks, and buses total 146,961 units, which is 8.87 percent more than in September. The car industry has so far this year produced a record 1.392 million vehicles of which a record 1.129 million were sold in the domestic market. The employment level in the car industry has nonetheless dropped. There are now 106,241 workers in vehicle factories, 1,514 less than in September. Since October 1994, the car industry has dismissed 5,298 workers. (Sao Paulo AGENCIA ESTADO in Portuguese 2116 GMT 8 Nov 95)

FINANCIAL OPERATIONS

The Japanese Mitsui group, which gathers 34 companies from different sectors, is considering investing in Rio de Janeiro State. Mitsui President Tushikune Yahiro is

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very interested in the projects in the state, especially in the field of informatics in the Port of Sepetiba and in the petrochemical sector. "We intend to cooperate with economic projects in Rio de Janeiro and to encourage friendship treaties between Brazil and Japan," said Yahiro who met on 1 November with Rio de Janeiro Vice Governor Luiz Paulo Correa da Rocha and with Planning Secretary Marco Aurelio Alencar. The vice governor said Yahiro is also interested in the state privatization program, especially in energy, sanitation, transportation, and finance. (Rio de Janeiro O GLOBO in Portuguese 2 Nov 95 p 27)

National and imported wholesale car sales amounted to 146,116 units in October, 9.5 percent more than in the former month. All car companies increased their sales. Importers without factories in Brazil maintained their 5,000 monthly sales rate that has been constant since the government increased the car import tariff. Retail sales continue slow despite many promotions. (Sao Paulo AGENCIA ESTADO in Portuguese 2322 GMT 6 Nov 95)

Of the 13 billion reals, R, the paper and cellulose industry intends to invest in Brazil by 2005, at least R4 billion will be meant for environmental projects. "Industrial production will increase, taking into account ecology," said Renato Gamoeda, president of the paper and cellulose industry technical association. He said the level of effluents will be considerably reduced in the next few years. Companies like Bahia Sul, Riocell, and Ripasa dispose of considerable low levels of effluents, even below the standard established by the U.S. Environmental Protection Agency. (Sao Paulo AGENCIA ESTADO in Portuguese 1928 GMT 7 Nov 95)

FINANCIAL OPERATIONS

The Center-West transportation corridor planned by the Cardoso administration envisages the integration of river waterways, including the Araguaia, Tocantins, and das Mortes Rivers, with the North-South and Carajas railways, will break the isolation of the region. Production from the Center-West, North, and Northeastern states could be moved out through the Port of Itaqui, Maranhao State. The big innovation would be that the regional agricultural production will be 5,000 km closer to the European and Japanese markets through the Panama Canal. Brazilian soybean production could reach these markets at a lower price than American soybean. The Transportation Ministry estimates that this scarcely populated area could attract up to 20 million inhabitants through the generation of 5 million new direct jobs in the farming sector. The project, specified in a Transportation Ministry document, estimates that populating the so-called Eastern bush and grassland area could generate an income of $56 billion per year. A government document states "it would change the national migration flow," because it would become the new development center. The corridor would benefit the states of Maranhao, Piaui, Para, Bahia, Minas Gerais, Goias, Mato Grosso, and Tocantins. Of the 200 million hectares of unexploited arable land in Brazil, half is in that area. Having no winter, with accessible water, and being flat, the region is very suitable for agriculture and forestation. This envisages cellulose, bio-energy, and wood production. Despite its isolation and lack of direct transportation to the coast, which is 600 km away, some developing areas are consolidating. In Balsas, Maranhao, 250,000 tonnes of soybean will be harvested this year, and a cellulose industry with a 420,000 tonne capability is under construction. (Sao Paulo AGENCIA ESTADO in Portuguese 2332 GMT 7 Nov 95)

TRADE ISSUES

Argentina has doubled its exports to Brazil since last year. Argentina's Mercosur partners increased their purchases from Argentina by 71 percent during the first nine months of the year compared with the same period last year. A recent study by M&S Consultants shows the volume of Argentine exports increased by 47 percent during the first half of the year compared with the same period last year. More than half that increase is due to exports to Brazil and Chile. Exports to Brazil jumped by 100 percent during the first half of the year compared with the same period last year from $1.518 billion to $2.9 billion. M&S Consultants found that just over 50 percent of that comprises manufactured goods; $328 million are raw materials; $265 million are agricultural products; and $138 million are fuels. Brazilian imports from Argentina jumped from 18.9 percent during the first half of 1994 to 27 percent during the first half of this year. Mercosur, and especially Brazil, have become the main trade partners of Argentina. Argentine Economy Ministry figures show Argentine exports to NAFTA dropped by 9 percent this year compared with last year while Argentine exports to the EU increased by 16 percent. M&S Consultants found the Brazilian regions that most purchase from Argentina are the south and southeast, absorbing 90 percent of Argentine imports. Last year, Sao Paulo purchased 42 percent of the total volume of Argentine goods imported by Brazil, Rio Grande do Sul bought 18.8 percent, Rio de Janeiro 7.7 percent, and Parana 6.5 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1320 GMT 3 Nov 95)

The Federal Revenue Service published Provision No. 52 on 7 November in the official newspaper. It limits purchases by Brazilians returning to the country by

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land or river to $150 per head. (Sao Paulo AGENCIA ESTADO in Portuguese 1317 GMT 7 Nov 95)

Brazilian exports reached $4.405 billion in October, compared with $4.558 billion in August. Industry and Commerce Minister Dorothea Werneck said: "This shows the export rate continues high." The October trade balance will show a surplus of nearly $150 million. The minister said the most remarkable exports in October were paper-cellulose, cellulose, cocoa, chemical products, and iron and steel tubes. Cellulose exports increased by 180.9 percent compared with September, amounting to $200 million. This is mainly due to the high value of this product on the international market. Paper-cellulose exports increased by 67.54 percent compared with September, cocoa exports increased by 34.9 percent, chemical products by 20.3 percent, and metal products by 16.2 percent. Iron and steel tube exports increased by 185.7 percent. The following exports dropped in October: Orange juice exports by 11 percent; beef by 10 percent; transportation material by 14 percent; sugar by 3.8 percent; and oil by-products by 2.5 percent. Minister Werneck attributed the increase in October to greater aggressiveness by exporters and to the cooling of the domestic market. The minister said she also expects a trade balance surplus in November. (Sao Paulo AGENCIA ESTADO in Portuguese 2259 GMT 7 Nov 95)

Proposed Drug Bill Meeting Opposition

96SM0016

[FBIS Media Note] The National Drug Council (Confen) will convene on 27 October to discuss the third version of the draft bill that will change Brazil's antinarcotics law, the Rio de Janeiro independent daily JORNAL DO BRASIL reported on 25 October. The bill will then be sent to Justice Minister Nelson Jobim and subsequently published in the DIARIO OFICIAL. It will be open to further suggestions from the public before it is submitted to Congress. Confen's proposed bill, which is already meeting opposition in the Congress, provides for severe punishment for individuals involved in drug trafficking and narco-related money laundering, but avoids penalizing addicts.

Confen President Luis Matias Flach, according to JORNAL, returned from a trip to Europe "convinced" that immediate changes need to be made in the antidrug policy. In addition to having the new law approved, he wants to change the focus of educational campaigns, and promote a program to distribute syringes among addicts. "We must stop penalizing the user, who now receives the same treatment as a trafficker, and insist on the distribution of disposable syringes," Flach asserts. He notes, however, that this program is on a collision course with the conservative position of the courts and the police.

After visiting Switzerland and Germany, JORNAL continued, the Confen president concluded that while the subject is still controversial throughout the world, some countries are modernizing their legislation and their way of viewing the addict. Flach argues that it is now time to change the repressive policy toward addicts, noting that the use of disposable syringes among 10,000 drug users in Switzerland has markedly reduced the spread of AIDS. Flach points out that the program has already been initiated in Salvador, Bahia State, but is running into obstacles due to the actions of judges and police, who claim the program does not comply with the existing antidrug law. The program, approved in 1994 by the Health Ministry, should be implemented in those cities where AIDS is of greatest concern, namely Santos and Ribeirao Preto (Sao Paulo), Campo Grande (Mato Grosso do Sul), Florianopolis (Santa Catarina) and Rio de Janeiro, according to Flach.

The paper then went on to cite the opposing views of several members of Congress toward the draft bill. Minas Gerais State Deputy Elias Murad [Brazilian Social Democracy Party], who has been leading the antidrug movement in Congress for years, does not accept the executive branch formulating an antidrug draft bill. Vowing to fight with the government when the bill reaches Congress, Murad affirmed that a special committee of the Chamber of Deputies is trying to amend the bill of former Senator Lourival Batista, which also changes the 1976 antidrug law, and scored the executive branch for overturning its work. "The executive should send us subsidies to assist our work, not derail what is being done," he added.

Murad further criticized the proposed law: "The bill does not distinguish the user from the user-trafficker or make it clear how the users will be treated, and is dividing the opinions of the members of Confen." Murad says he also does not approve of distributing syringes to addicts.

The Rio daily went on to quote Deputy Fernando Gabeira (PV-RJ: Green Party-Rio de Janeiro) that while he too believes it is the responsibility of Congress, rather than the executive branch, to debate the subject, he supports Flach's ideas. "In the Chamber of Deputies," he said, "we are concerned about three things: terminating the sentencing of drug users, expanding international cooperation, and including the lifting of banking secrecy in the new legislation to impact on narcotraffickers." Gabeira says he also wants to see Flach's program to distribute syringes expanded.

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Chile

President Stresses Country's Economic Stability

PY0911133595 Santiago EL MERCURIO in Spanish 7 Nov 95 p C5

[Article by special correspondent Maria Jose Errazuriz L.]

[FBIS Translated Text] Buenos Aires — Speaking to Chilean businessmen who have taken up residence in this capital, Chilean President Eduardo Frei said yesterday he has no doubt whatsoever that the country is living through an exceptional period, based on figures concerning investments, savings, inflation, and unemployment.

He added that such growth and stability must be projected toward the future, and to achieve this we must keep up the struggle against poverty and discrimination.

He said that by the end of the century the poverty rate should be close to 16 percent, and insisted on the need to focus social expenditures on the poorest areas, which he added to the need to modernize the state apparatus.

He especially stressed the need to develop infrastructure, with the participation of the private sector through concessions for the construction of highways, ports, running water, sewage systems, and gas distribution systems.

President Frei met at the Hyatt Hotel with a group of 60 Chilean businessmen who have settled in Argentina and who have created the Mountain Association, which groups 180 Chilean companies present in this country and is headed by Raul Vejar.

During the meeting Frei announced that before leaving for Asia next week to participate in the meeting of the Asia-Pacific Economic Cooperation (APEC) forum that will be held in Osaka, Japan, he will announce the proposal for association which the government will submit to private companies concerning the renewal of the railroad company.

"If we want social stability, if we want political stability, we should start including those sectors which are outside. We have done so mainly through education and training, social infrastructure and improving competitiveness," he said.

In his lengthy speech, the Chilean president referred to the trade opening policy the country is promoting and which is reflected in the negotiations being carried out with the European Union, Mercosur [Common Market of the South], and NAFTA.

Concerning NAFTA, Frei reaffirmed the official stance that Chile is not willing to negotiate twice with the United States the country's entry into this organization, a situation that could take place should President Bill Clinton receive authorization by the U.S. Congress.

He said that the approval of the "fast track" [preceding two words in English] will probably be delayed, and for this reason by next year Chile "would be marking the time" on this matter.

Concerning Mercosur, he said that considerable progress has been achieved so far because Chile believes in regional integration and even more so when the country is present in these markets. He said that in the southern cone, our country should double its investments within the next few years, especially through joint ventures.

The president also referred to bilateral relations with Argentina, reaffirming his grief over the loss of Laguna del Desierto. He said he has confidence that Chile will win the Southern Continental Glaciers dispute and urged the businessmen to fulfill their important role in strengthening those relations.

He also expressed optimism in the results of the agreement on human rights achieved by the government and National Renewal. "There is a basis for dialogue and we have the great support of public opinion," he said.

General: No Army Information on Missing People

PY0911135095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 9 Nov 95

[FBIS Translated Text] Army Deputy Commander General Guillermo Garin said his institution has nothing to report on the cases of people detained and missing.

[Begin recording] [Unidentified reporter] General Garin, who said the Armed Forces are not a deliberating body, refused to comment on the agreement reached by the government with National Renewal on the human rights issue.

[Garin] This is strictly a political issue on which the Army cannot make any comments.

[Reporter] What about information the Army could provide on the missing? Do you believe there is any information?

[Garin] We don't have any information.

[Reporter] This information was confirmed by Defense Minister Edmundo Perez Yoma without being aware of the comments made by Garin earlier. Perez Yoma recalled that the Armed Forces always said that the excesses were committed by certain people and not by the institutions.

[Perez Yoma] Therefore, I believe there will be no official information from the Armed Forces because as

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far as we know that information would not exist and would not be available.

[Reporter] Perez Yoma said the people who have information and want to relieve their conscience can report on the whereabouts of the remains of the missing. [end recording]

Army Considers Buschmann's Release 'Threat to Society'

PY0911154095 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 9 Nov 95

[FBIS Translated Excerpt] Army Auditor General Fernando Torres, who in 1986 as military prosecutor investigated the illegal entry of weapons and explosives into the country, said today that 40 percent of this arsenal brought by Sergio Buschmann has not yet been located.

[Begin recording] [Unidentified reporter] The information was provided by General Torres upon commenting on Buschmann's release on bail yesterday. Buschmann was identified as the head of the group that introduced more than 40 tonnes of weapons into the country through Carrizal Bajo. Torres, as the military prosecutor in charge of the case, asked for a 35-year prison sentence.

[Reporter] Were you surprised by Sergio Buschmann's release?

[Torres] Yes.

[Reporter] As prosecutor, were you in charge of investigating this case?

[Torres] That's right.

[Reporter] Do you believe one shipment of weapons was not located?

[Torres] I have no doubt that a large part of the weapons that can be calculated from 30 to 40 percent have not been located.

[Buschmann] No, that is a lie. The amount of weapons was shown. The load capacity of the ships was known. They know two ships were unloaded. Unfortunately, the weapons were seized. I believe the weapons should be looked for in the arms trafficking with Croatia. From the legal proceedings we don't even know if (Jube) was killed or not, and nobody knows about the weapons.

[Reporter] This afternoon, the lawyer for the Office of the Military Prosecutor, Cesar Ocaranza, submitted a complaint to the Supreme Court against the two judges who ordered Buschmann's release on bail asking that Buschmann be sent back to the high-security prison.

[Ocaranza] We believe that Buschmann's release is a real threat to society and the proof of this threat is the warlike spirit shown by Buschmann in his comments right after being released from the high-security prison. [end recording]

Leaders of the CUT [United Workers Confederation] and Carabineros met today at the site where the CUT will hold a demonstration tomorrow. [passage omitted]

[Reporter] Sergio Buschmann, ex-leader of the Manuel Rodriguez Patriotic Front, who was released on bail from a high-security prison yesterday, announced he will attend the rally tomorrow. He was asked if he would justify acts of violence during the rally.

[Buschmann] The first act of violence was announced by the government with the human rights bill that will protect the names of the murderers. We will cooperate with the CUT plans. I hope nothing will happen but if someone throws a rock, a rock at this bill, I don't know if the rock will turn into a flower. I don't know.

[Reporter] The CUT rally will only have two speakers. Sola Sierra on behalf of the Relatives of the Missing Group and CUT leader Manuel Bustos. Although the organizers did not publicly say how many people they expect at the rally, the organizers believe that about 7,000 people will attend the rally on the Bernardo O'Higgins Avenue. [end recording]

Pinochet Views Buschmann's Release, Human Rights Accord

PY0911183495 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 9 Nov 95

[Report on interview with General Augusto Pinochet by reporter Blanca Bulnes in Bariloche, Argentina on 9 November; remarks by Pinochet recorded]

[FBIS Translated Text] General Augusto Pinochet said today in Bariloche that people have forgotten that Sergio Buschmann, ex-leader of the Manuel Rodriguez Patriotic Front [FPMR], brought into Chile 60 tonnes of weapons to kill Chileans. General Pinochet also talked about the loss of the Laguna del Desierto region to Argentina.

[Begin recording] [Reporter Blanca Bulnes] In the streets of Bariloche yesterday, two Argentines insulted General Pinochet but many others came to greet him. This is what the press in Bariloche reported about Pinochet's visit, in contrast to news agency reports that demonstrations were held against Pinochet.

[Pinochet] Only two or three people shouted what they wanted to say, just some rude people.

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[Bulnes] After this incident, General Pinochet today talked for the first time about the loss of Laguna del Desierto, the constitutional reforms, and Sergio Buschmann's release.

[Pinochet] Nobody remembered that Sergio Buschman brought 60 tonnes of war materiel — rifles, ammunition, submachine guns, machine guns, and explosives. The weapons were not to have a good time at home or for target shooting. They were to kill Chileans. This fact has been forgotten. And this was not an improvised action — because companies were organized first; the planning was done abroad.

[Bulnes] General Pinochet also talked about the court decision related to the Albania military operation. According to the court ruling, members of the former CNI [National Intelligence Center], murdered 12 FPMR members.

[Pinochet] Every individual judges a situation according to how he sees it. If he sees a color film, it is in color; if he sees a black and white film, it is in black and white. Every individual says what he thinks. Would you say that the murderers of (Perez Sujuit) were stupid?

[Bulnes] About the agreement reached by the government and National Renewal on the human rights issue, Pinochet said that the only solution to this issue is to forget. Regarding the constitutional reforms, he said the 11 September 1973 event would not have occurred had the National Security Council, which now wants to be changed, existed. Today, General Pinochet talked for the first time on the loss of Laguna del Desierto.

[Pinochet] Tears came out of my eyes because of anger and indignation — not indignation because Argentina won, but I felt indignation for the Chileans who have a responsibility, the ones who are in charge of the state. They are the ones responsible [words indistinct].

[Bulnes] Do you believe it was a mistake to accept an arbitration court made up of Latin American jurists?

[Pinochet] Look, if a judge rules in a trial and an appeal is made, the same judge does not review the ruling; this is done by a court, by another judge. In this case the same ignorant men reviewed the ruling. What else can I tell you? [end recording]

Legislators React to Pinochet Comments on Border Ruling

PY1011145495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 10 Nov 95

[FBIS Translated Text] General Augusto Pinochet's criticisms in Argentina over the Laguna del Desierto ruling gave rise to an argument in Congress.

Party for Democracy Deputy [PPD] Vicente Sota said that the Army commander, quote, weeps like a woman over something he failed to defend like a man.

Sota addressed the plenary session of the Chamber of Deputies pointing out that Pinochet's comments in Argentina that other chiefs of state were namely responsible for the loss of Laguna del Desierto were unacceptable. Sota requested a vote of censure against Gen. Pinochet.

[Begin Sota recording] I would say he was greatly responsible, because during 17 years he did nothing to solve the Laguna del Desierto problem. I want quote what [name indistinct] mother said. Pinochet is weeping — because he said he shed tears of anger when he learned about the ruling — I repeat, he is weeping like a woman over something he failed to defend like a man. [end recording]

The rightist legislators immediately reacted to Sota's comments.

[Begin recording, National Renewal Party Deputy Rene Manuel Garcia] I want to refute Deputy Sota's comments by recalling what his government maintained when President Aylwin said that all that had been lost was a small portion of land. In other words, he does not have the same patriotic attitude Gen. Pinochet has. Therefore, the Coalition of Parties for Democracy [CPPD] does not have any moral right to do what Deputy Sota has demanded. I don't think this contributes to the reconciliation process, and I do hope we will devote our time to more interesting subjects because this is something we have already lost thanks to the CPPD, and we must worry about what comes next — that is: the Continental Glaciers dispute. [end recording]

Czech Vice Justice Minister Pays Official Visit

PY1011132395 Santiago EL MERCURIO in Spanish 8 Nov 95 p C11

[FBIS Translated Text] Cyril Svoboda, Czech vice minister of justice, is paying an official visit to Chile in order to learn aspects of the Chilean political transition process. To this end he will stay in the country for the entire week.

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The Chilean Justice Ministry has organized three lectures for Svoboda during which he will broach the issue of the transition from the point of view of legal, judicial, and civilian-military ties.

Moreover, Svoboda and Eduardo Jara, the Chilean Justice Ministry under secretary, have conducted several activities, including visits to Supreme Court President Marcos Aburto and National Prison Police Director Claudio Martinez. Svoboda also visited the Judicial Branch Administrative Corporation and the Colina II prison.

Colombia

Defense Minister Denies Plans For Military Coup

PA0911215795 Mexico City NOTIMEX in Spanish 2019 GMT 9 Nov 95

[FBIS Translated Text] Caracas, 9 Nov (NOTIMEX) — Colombian Defense Minister Juan Carlos Esguerra denied here today that his country's armed forces are preparing a coup d'etat against President Ernesto Samper, as the media have been reporting.

"There are no possibilities for a coup d'etat; the security forces are respectful of the established order," said Esguerra, who arrived in Caracas for an official visit yesterday.

The defense minister said his country's armed forces "are as one man and act like one man," in response to reports of a possible coup d'etat against President Samper.

"Rumors of saber rattling are absolutely false, that is not in keeping with reality, what we can hear are the noises of newspaper pages," he said.

Esguerra noted that the recent ratification of the high-level military command by Samper shows that the government is pleased with the actions of the armed forces.

He recognized that Colombian public order has been "disturbed" following the assassination of Conservative Party leader Alvaro Gomez Hurtado, which took place in Santa Fe de Bogota last week.

The high-ranking government official described Gomez Hurtado's crime "as a sign of great pain because one of the greatest Colombians of the second half of the century has been assassinated."

When asked about Samper's possible resignation from the Colombian presidency, Esguerra said the possibility has been ruled out and the investigations against the president continue in the framework of the "state of law."

He said the law "will be applied and will be enforced to the final consequences," in the investigations being conducted by the Prosecutor General's Office over the alleged financing by the drug cartels of his election campaign, which took him to power in 1994.

Esguerra arrived in this capital yesterday to review with his Venezuelan counterpart, Moises Orozco Graterol, incidents that have taken place at the border between the two countries in the past two months.

President Not To Resign, Refuses To Hold Plebiscite

PA1211212295 Madrid EFE in Spanish 1758 GMT 12 Nov 95

[FBIS Translated Text] Cartagena (Colombia), 12 Nov (EFE) — Colombian President Ernesto Samper today denied that he will resign or hold a plebiscite on charges that he received drug-related money for his electoral campaign.

"I do not specifically need to hold a plebiscite," Samper stated in Cartagena, northern Colombia, because, he argued "what has kept me in my position has been the support of the people who know that I am an honest person."

This was President Samper's reply to a reporter's question on whether he should hold a plebiscite for the country to decide if a "truth" commission should be created, as proposed by Conservative Party leader Andres Pastrana, Samper's opponent in the 1994 elections.

"It is not necessary, I do not see why we should hold a plebiscite," Samper added, since "my duty is to submit myself to the natural judge of the president, which is the commission of the Chamber of Representatives."

Last Wednesday, Samper and Pastrana met for the first time since the 1994 elections. During this meeting, Pastrana proposed the creation of a "truth commission" to restore the credibility and legitimacy of his victory.

On that occasion, Samper told him that "more than half the country" was behind him. To this remark, Pastrana replied that "he could have 100 percent of the support" if he submitted himself to the said commission.

Pastrana believes that the congressional Accusations Commission "has no credibility" in Colombia to investigate the president.

Samper and Pastrana met to analyze the president's proposal to join efforts against violence and sign an "agreement of principles" to overcome the crisis. In the end, this did not happen.

President Samper remarked that the idea of resigning "never" crossed his mind and added that he will rule

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the country until 7 August 1998, when his four-year constitutional mandate ends.

The stir caused by charges that Samper's presidential campaign had received approximately $6 million from the Cali Cartel has been fueling for several months now the most serious political crisis in Colombia's recent history.

President Announces 5-Point Plan Against Violence

PA1011185095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1802 GMT 10 Nov 95

[FBIS Translated Text] Barrancabermeja — President Ernesto Samper Pizano today announced a general five-point plan against violence from the country's oil port. These are the points:

1. Give impetus to the proposals currently being debated at the Congress and which seek to turn into law the decrees issued to establish the internal disturbance status on 16 August. The decrees deal with antikidnapping measures as instruments for fighting organized crime and the creation of an agency to promote people's coexistence in Uraba.

2. Give support to the internal disturbance declaration issued on 2 November.

3. Create a commission in charge of drafting a proposal to give the government instruments to fight violence and terrorism.

4. Have the Congress support a proposal, which the government will submit for consideration, to create a National Intelligence System to coordinate the work of the Armed Forces, this is to say, the police, Administrative Department of Security, the Prosecutor General's Office, and the Army.

5. Revise, according to the Constitution, the president's powers to manage public order throughout the country.

Prosecutor Explains Medina's Request for House Arrest

PA1011014195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso spoke to newsmen to explain the extent and reasons for the benefits granted to Santiago Medina, former treasurer of the Liberal Party campaign. Speaking about the case, this is what he said:

[Begin Valdivieso recording] He is not being granted house arrest in lieu of his detention in a prison as a measure of security. It is fundamentally a benefit, as is contemplated in Article 369 for his effective cooperation with justice, as the Prosecutor General's Office believes he has carried out.

We cannot come out and say whether everything he has said has been effective. Obviously, everything he has said has been corroborated by other means. There has been effective cooperation on his part. All the petitions are being processed. His request that we change his place of detention from prison to his home as a measure of security will have a response, and we are working on it. It is not necessarily accepted.

As a matter of fact, it has been denied [negado]. [end recording]

Prosecutor, President's Lawyer on Arrest

PA1011040195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 10 Nov 95

[From the "QAP News" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso Sarmiento publicly admitted today, that Santiago Medina, the former treasurer of the Samper campaign, deserved to be granted house arrest instead of going to jail. This is how the prosecutor described Medina's contribution:

[Begin Valdivieso recording] This means that, when assessed, his contribution to the investigation merits this benefit. [end recording]

The judge has five days to present observations to this decision. If he does so, the prosecutor's office is already prepared.

[Begin Valdivieso recording] There are all the possibilities afforded by the appeals. [end recording]

However, the prosecutor's decision would be a rule to be followed by the president's investigator.

[Begin Valdivieso recording] The ongoing investigations on Santiago Medina himself and others, are related to the electoral campaign. [end recording]

On another issue, the prosecutor confirmed that Eduardo Mendez, Rodrigo Garavito, and Alberto Giraldo had also requested house arrest but that their request had been denied.

What does Antonio Jose Cancino, the president's lawyer, think about this decision? The following are his considerations:

[Begin recording] [Cancino] As a lawyer, I surmise that any positive action to favor an accused person is

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good. I cannot go against it because I am a human being. However, I would recommend that the prosecutor general look at the evidence in the other file before making a decision.

[Unidentified reporter] [Passage indistinct]

[Cancino] In the file that is being furthered by the Accusations Committee. This file contains evidence that the prosecutor does not know and has no reason to know. [end recording]

The president's lawyer also referred to the proposal made by Andres Pastrana.

[Cancino] I believe it was a hasty proposal; not to say it was an ignorant one. How can he tell the president to change his judge if there is already a judge stipulated in the Constitution, which is backed by the Constitutional Court. The president cannot do anything about this and neither can I as a lawyer. Furthermore, it would be a rebellion against the judiciary to do so and this is really serious. [end recording]

Defense Minister Meets Venezuelan Counterpart on Border

PA0911153395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 9 Nov 95

[Report by Fabiana Steinmander via satellite from Caracas; from the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] Colombian Defense Minister Juan Carlos Esguerra arrived in Caracas today amid a strong, adverse atmosphere against Colombian border policies, especially after the Perija Mountain Range incidents:

[Venezuelan Deputy Julio Montoya] "I am requesting that the Venezuelan Government seriously discuss the issue of hot pursuit. We have had enough of the many kidnappings and the impunity in which drug traffickers operate there."

Congress did not approve hot pursuits but has unanimously backed the actions of the Armed Forces in Perija. With this endorsement in hand, the Venezuelan defense minister met with his Colombian colleague:

[Venezuelan Defense Minister Brigadier General Moises Orozco Graterol] "As far as we are concerned, our GPS [Global Positioning System] indicates that the antenna is inside Venezuelan territory.

[Esguerra] "I respectfully disagree with Minister Orozco's position. In Colombia, we understand perfectly well that Inravision's antenna is inside Colombian territory, after establishing this point through technical means and validating it with the use of the appropriate means."

Venezuela's position is to demand a greater military presence from Colombia, and Esguerra also has a reply in this regard:

[Esguerra] "The Colombian state is reinforcing [word indistinct], especially around our Arauca and Vichada Departments. We also have reinforced the military presence in Cesar Department, particularly along the Perija Mountain Range."

[Paris AFP in Spanish at 2253 GMT on 8 November publishes a 300-word Caracas-datelined report on Esguerra's three-day visit to Venezuela in which Esguerra says he hopes the visit "serves to seek a greater and more effective military and police presence in the border area." The item adds that analysts believe Orozco maintains a "tough" position regarding this problem, and Orozco states: "I believe that by working together and putting into practice a combined and coordinated operation in the area, each in his own territory, respecting each country's sovereignty, we will be able to confront all that criminal activity."]

Ecuador

Presidency Refuses To Hand Over Copy of Decree

PY1011024395 Quito Voz de Los Andes in Spanish 2300 GMT 9 Nov 95

[FBIS Translated Excerpt] Ecuadoran President Sixto Duran-Ballen has requested that the Court of Constitutional Guarantees declare void the claims raised against a decree making him the sole custodian of the discretionary funds allotted to the vice president's office.

A communique issued by the Court of Constitutional Guarantees reports that through its legal adviser, the Presidency denies the charges for all practical purposes and in compliance with the law, and requests that the court reject the charges of unconstitutionality.

The government's statement has been interpreted as a refusal to submit a copy of the presidential decree requested by the Court of Constitutional Guarantees to take action on the claims. Three opposition parties have requested that the Court of Constitutional Guarantees declare unconstitutional a decree issued by Duran-Ballen impeding the Supreme Court's access to the microfilms on the accounts handled by the vice president's office.

The court believes that the content of the microfilms is fundamental in the trial against former Ecuadoran Vice President Alberto Dahik for alleged embezzlement.

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Despite Duran-Ballen's position, the Court of Constitutional Guarantees will insist on obtaining a copy of the presidential decree. It has ordered that Duran-Ballen's response be included in the court proceedings. [passage omitted]

Army, Police Deny Requesting Issuance

PY1011013495 Madrid EFE in Spanish 1930 GMT 8 Nov 95

[FBIS Translated Text] Quito, 8 Nov (EFE) — Today the Ecuadoran Armed Forces and the National Police denied having requested the issuance of a secret decree through which President Sixto Duran-Ballen is declared sole custodian of the documents on the discretionary funds allocated to the vice president's office which are under investigation by the Supreme Court (CSJ).

Supreme Court President Carlos Solorzano has said: "I have been informed today by the Armed Forces and the National Police that they did not request the issuance of any secret decree."

Speaking to the press, Alarcon said that "the Civil Code establishes that a secret decree" must be issued "at the request of the Armed Forces or the National Police. Since neither the Armed Forces nor the National Police made this request, I am studying the legal possibilities left open by such an answer."

This past week, Solorzano had requested the Armed Forces and the National Police to inform him if they had requested the issuance of such a decree. Because of this decree, Alarcon has been impeded from reviewing the documents containing the account movements of the discretionary funds allocated to the vice president's office.

The CSJ is conducting an investigation on charges of alleged misuse of discretionary funds against former Vice President Alberto Dahik, who fled the country after a preventive arrest warrant was issued against him.

After receiving the answer from the Armed Forces and the National Police, Solorzano said today that he "will do everything that the law allows to stop the government from impeding my review of the microfilms" containing the account movements of the discretionary funds allocated to the vice president's office.

Congress President Fabian Alarcon also reasserted his request that the CSJ president be allowed to review the documents on the discretionary funds.

President Lifts Secrecy of Decree

PY1011223495 Madrid EFE in Spanish 1954 GMT 10 Nov 95

[FBIS Translated Text] Quito, 10 Nov (EFE) — Ecuadoran President Sixto Duran-Ballen today lifted the secrecy of the decree by which he declared himself the sole custodian of the documents on the discretionary funds of the vice presidency, a case which is under investigation by the Supreme Court.

Spokesmen of the presidency told EFE: "The secrecy of the decree promulgated in the official registry on 2 October was lifted."

President Duran-Ballen had refused to disclose the total content of the decree, which prevented the Supreme Court from obtaining the documents that are considered essential for the investigation of the criminal charges for alleged illegal use of funds opened against ex-Vice President Alberto Dahik, who left the country after his preventive arrest was ordered. [passage omitted]

The presidential spokesmen also told EFE that President Duran-Ballen sent the decree to the Court of Constitutional Guarantees (TGC), on the deadline given by this court to the president to send a copy of the document. [passage omitted]

The decree sent to the TGC is attached to a letter signed by Arturo Donoso, legal adviser of the presidency, which says that the decree "did not interfere with the administration of justice" and "did not affect the independence of the judicial branch."

The letter also says that the decree was drawn up "in protection of national security and the superior interest of the state," and that it in no way violates the constitution.

After the TGC rules on the constitutionality of the decree, the ruling will go to the Constitutional Chamber of the Supreme Court, which is the highest instance in Ecuador for resolving constitutional issues.

Supreme Court President Carlos Solorzano repeatedly accused the government of interference in the investigation concerning the discretionary funds of the vice presidency.

National Referendum's 11 Questions Listed

96SM0015A Quito HOY in Spanish 7 Nov 95

[Article: "The Questions on the National Referendum" — received via Internet]

[FBIS Translated Text] The first seven questions initiate the text that asks the Ecuadoran people: "Should a

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proposition be included in the political constitution that says..." All the questions have the option of a yes or a no answer. Therefore, if they are approved, they will automatically become part of the constitution.

1. Decentralization - The state will progressively transfer responsibilities and resources to sectional organisms, with preference to the sectors of education, health, housing, and environmental protection, for the purpose of assuring an effective administration and financial decentralization.

2. Right to choose the system of social security - Every person has the right to choose freely and voluntarily that the system of social security as well as its benefits and services are the responsibility of the IESS [Ecuadoran Social Security Institute] or of another public or private institution.

3. Equitable distribution of resources among provinces - The general budget of the state will be prepared and carried out by the province, taking into consideration priorities of national importance, population, and the development needs of each province, with preference to education, health, transport, housing, environment, and internal security.

4. Prohibition against paralyzing public services - It is prohibited, even in the case of strikes, to paralyze the services of health, education, transportation, potable water, electricity, fuel, telecommunications, and the administration of justice. Violation of this precept will be considered a criminal offense and sanctioned according to law.

5. Constitutional dissolution of the National Congress - The president of the republic, once only during his constitutional term of office, will be able to dissolve the National Congress and simultaneously convoke early elections of deputies, which must take place within 60 days following the dissolution.

6. Elections of district, single-member deputies for a four-year legislative period - Deputies will be elected by absolute majority of the vote, for a four-year term, and can be reelected.

7. Election of the president of the Congress every two years - The president and vice president of Congress will be elected by secret vote and by an absolute majority of members. Their term of office will be two years.

8. Term for the constitutional inclusion of the popular will - Do you agree that, within 90 days of the proclamation of the results of this referendum, Congress should incorporate into the constitution the provisions approved in this section?

9. Judicial function - The ministers of the Supreme Court of Justice will be elected by the National Council of the Judiciary. The tendency will be for the magistrates of the Supreme Court of Justice to come from the judicial career; they will serve nine years in office and can be reelected indefinitely.

10. The law will guarantee the rights and will determine the obligations of public servants in the civil service and administrative careers, permitting no privileges. In the public sector, only workers will be protected by the Labor Code.

11. Constitutional Tribunal - The Constitutional Tribunal with national jurisdiction will have its headquarters in Quito. It will be composed of nine members and their respective substitutes. Th members must possess the same qualifications as the ministers of the Supreme Court of Justice; they will be subject to the same prohibitions; and their term of office will be four years.

Government Reasserts Holding of Plebiscite on 26 Nov

PY1011025895 Madrid EFE in Spanish 0128 GMT 9 Nov 95

[FBIS Translated Excerpt] Quito, 8 Nov (EFE) — Although Congress in the last few hours approved some constitutional reforms on issues that will be encompassed in the plebiscite, the Ecuadoran administration and the electoral court today confirmed that the plebiscite on constitutional reforms will be held on 26 November.

Ecuadoran President Sixto Duran-Ballen and Carlos Larreategui, secretary general of public administration, have said that the referendum summoned by the administration strives to achieve "exhaustive" changes, while the reforms approved by the deputies "constitute merely a reorganization."

Larreategui said: "The plebiscite is still firmly, inexorably and invariably set because some of the reforms approved by Congress are unrelated to the exhaustive transformations and reforms encompassed in it."

Moreover, Carlos Pardo Monteil, member of the Supreme Electoral Tribunal (TSE), has said that it is impossible to go back or to change three weeks before the holding of the plebiscite. He said that the ballots have already been printed.

The government's decision to hold the plebiscite means disobeying requests to suspend it, or at least to exclude questions on some issues that have already been approved by Congress.

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Larreategui reasserted: "More than ever before, we are decided upon holding the plebiscite to implement the changes that the country needs." [passage omitted]

Treasury Certificates To Cover Fiscal Deficit

PY1011190395 Madrid EFE in Spanish
1709 GMT 8 Nov 95

[FBIS Translated Text] Quito, 8 Nov (EFE) — Every week the Central Bank of Ecuador will issue treasury certificates for a maximum value of 100 billion sucres (some $37 million) to cover temporary shortages in the Finance Ministry. This information was disclosed today by Central Bank officials.

The first auction of treasury certificates will be held on 9 November for an approximate value of 12 billion sucres (some $4.5 million). This information was given to EFE by Miguel Davila, Central Bank Treasury director, who asserted that the money obtained will be used to cover the ministry's "regular obligations."

Santiago Bayas, Central Bank studies director general, told EFE that the Finance Ministry's shortages are caused namely "by the armed conflict early this year with Peru, that compelled it to make many unbudgeted disbursements."

He also explained that the Central Bank plans to issue every week treasury certificates — on a 90-day term — "at least until the end of the year," for a maximum value of 100 billion sucres ($37.5 million) which is the maximum amount approved by the Monetary Board.

The government headed by conservative President Sixto Duran-Ballen has not issued treasury certificates since he came to power three years ago, Bayan asserted.

"This measure will not have a significant impact on the public sector's foreign debt because "Congress has authorized an indebtedness to cover the fiscal shortage (some $162 million) caused by the war which we did not use."

Moreover, Davila announced that the government also intends to issue state bonds "in the next few weeks," although the value nor the definite date for them has been decided yet.

Yesterday, Central Bank officials admitted that it intervened the exchange market with $5 million to maintain the sucre exchange rate.

Therefore, Bayas did not dismiss the possibility of new sales of dollars to keep the dollar exchange rate within the exchange band established by the Monetary Board.

The Central Bank intervention is the first since 10 days ago when the government adjusted the fluctuation band by establishing a "minimum" of 2,548 sucres per dollar and a "ceiling" of 2,856 sucres per dollar.

Central Bank Manager Augusto de la Torre, asserted that the main objective of the exchange rate adjustment was to force the reduction of the interbanking interest rate that, however, remained at an average 150 percent one week ago and 100 percent yesterday.

In this regard Bayas explained that "it is unlikely that the rates drop from one day to the other because the markets must get used to the new bands system." Therefore, this drop may happen "at the end of the year or early next year."

Congress Approves Constitutional Reforms

PY1011024095 Madrid EFE in Spanish
1723 GMT 8 Nov 95

[FBIS Translated Text] Quito, 8 Nov (EFE) — Regarding the constitutional reforms approved by the legislature and included in the plebiscite summoned by the administration for 26 November, the Ecuadoran Congress today stated that "it is the people who have the last word."

The constitutional reforms approved last night by Congress encompass the establishment of a Constitutional Court, restrictions to union rights, and the decentralization of the administration. These are three of the 11 questions that will be subjected to a plebiscite that has been summoned by the administration.

Congress President Fabian Alarcon said: "It is the people who have the last word." He added that "Congress will not interfere in the plebiscite" summoned by the administration; it will merely "have to comply with the will of the people."

In a statement to the press, Alarcon said: "These are highly important constitutional reforms." He added that "if the president insists" on including these questions in the plebiscite despite their approval by Congress, "he is entitled to do so." Alarcon said: "It is the people who have the last word."

Alarcon said that although it is not opposed to the holding of the plebiscite, Congress established a commission to investigate the campaign for the "Yes" vote to determine its financial sources and its ultimate ties with the administration.

Alarcon opposed the inclusion in the plebiscite of a question that empowers the president to disrupt Congress.

If approved, the head of state may decide to close Congress only once, but he is obliged to summon elections

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within 60 days, although only to renew Congress, and not the executive branch.

Alarcon said: "The country must be alert" because "if this is approved, Congress will be dissolved and all state functions will be in the hands of a single individual."

He added that "if Congress proceeds to undertake supervisory tasks, an authoritarian president may say: 'If Congress continues to control me, I will close it,' and for all practical purposes, such a 'threat' would mean that there is no Congress." He added that "the solution to the ailments affecting Congress is not to close it down, but to improve it."

The official campaign launched by the Supreme Electoral Court [TSE], in charge of organizing the plebiscite, is also being questioned. The Democratic People's Movement (MPD) charged that it is unconstitutional on the grounds that the TSE is promoting the "Yes" vote.

Last night, Congress approved a measure whereby public servants will be represented by only one union and banned the staging of strikes of either privately-owned, mixed, or public utility companies in the energy, telephone, water, and health areas.

Another of the constitutional reforms that must be approved by President Sixto Duran-Ballen refers to the replacement of the current Court of Constitutional Guarantees by a Constitutional Court, which for the first time will become a last instance court.

The Ecuadoran Congress also approved other measures which will not be encompassed in the plebiscite, such as increasing the number of representatives per province. In view of this, as of May 1996 Congress will be comprised of 82 deputies instead of the 72 legislators.

Among other items, and in addition to the reforms approved by Congress, the plebiscite also encompasses the reform of the judicial branch and the eventual privatization of the Ecuadoran social security system.

Foreign Minister Views Declaration Signed With Peru

PY1111001695 Madrid EFE in Spanish 1558 GMT 10 Nov 95

[FBIS Translated Excerpt] Quito, 10 Nov (EFE) — According to official sources in Quito, Ecuador and Peru are making firm progress in the strengthening and improvement of their relationship, in accordance with the recent agreement reached in the pacification process between the two nations.

Ecuadoran Foreign Minister Galo Leoro Franco, referring to the joint declaration on measures of confidence signed in Chile, said that "we are reaching a climate" that must be encouraged in the sense that "good faith must prevail in our overall relationship with Peru."

On 8 November, Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova and Peruvian Deputy Foreign Minister Jorge Voto Bernales signed a joint declaration during the regional conference on measures to encourage confidence and security in the region, which ends in Santiago today.

In Leoro's opinion, the joint declaration "represents the preamble" of the talks provided for in the Itamaraty Peace Declaration — which established the end of the armed conflict between the two nations in February — "to reach a lasting and worthy solution."

He warned that that "lasting" solution will also entail "acknowledging that we must maintain the rights historically maintained by our country in the Amazon."

Regarding the Santiago declaration, Leoro said that "it covers the concept of active peaceful coexistence" and establishes "the purpose of friendly contacts" for which "we need the support of national unity."

Leoro added that "this declaration has the testimony of the continent" and the desire "that the confidence being developed between Ecuador and Peru create an environment of greater rapprochement and less fear." Leoro also confirmed that he will travel to Lima on 5 December to attend the foreign ministerial meeting of the Amazon Pact.

The declaration also includes new "possibilities of talks, of carrying out bilateral and multilateral programs, and the elimination of obstacles caused by old or new international fears." [passage omitted]

Paraguay

Interior Minister Submits Resignation

PY0911163795 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1510 GMT 9 Nov 95

[FBIS Translated Excerpt] Interior Minister Carlos Podesta announced his resignation this morning. He is an important loss in President Juan Carlos Wasmosy's cabinet.

But we must take into account that we are 40 days away from the Colorado Party's internal elections, and Carlos Podesta occupies an important place within the United Colorados faction, which supports Vice President Angel Roberto Seifart for the Presidency of the Colorado Party.

Thus, this is how things stand. Let's see what happened this morning when Podesta left the president's office and what he said to reporters at Government House.

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[Begin recording] [Podesta] I have submitted my resignation to the president...

[Unidentified reporter, interrupting] Podesta said that his resignation is irrevocable, and therefore the president has to accept it.

Although he stressed that the only reason is his bad health, it has not been dismissed that other people that have provoked this decision.

Moreover, he stressed that the resignation is not due to the pressure of any military official, and therefore pressure from the military sphere can be ruled out.

[Podesta] I have been having problems with my health lately and I will not be able to properly carry out my job, all the responsibilities that I have. I do not want to fail to live up to the confidence that the president has always had in me.

[Reporter] Are you going to remain in the political arena?

[Podesta] In what capacity?

[Reporter] [Words indistinct]

[Podesta] No, no, no; nothing to do with the matter.

[Reporter] [Words indistinct]

[Podesta] That's nothing.

[Reporter] [Words indistinct]

[Podesta] No, no general looks after me and my health.

[Reporter] [Words indistinct]...are you going to reoccupy your seat in the Senate?

[Podesta] Well, I am going to think about it. I am going to check with my doctors and only then will I decide.

[Reporter] Has the president accepted your resignation?

[Podesta] Not yet. He told me that he was going to consider it and then discuss it this afternoon, but I explained to him that I was going to tell the media because it is not a resignation with strings attached.

[Reporter Andres Cabalero] [words indistinct]...some days ago that his Ministry could not resolve the social problems with repression of the invasion of land in the campesino sector, and that he was fed up with demanding a greater effort from the pertinent institutions: the Agriculture and Livestock Ministry and the Agrarian Reform Institute.

He also stated that he had differences with his colleagues in this respect, but termed them normal differences, and he stressed that this was not the reason for his resignation. He will remain in the United Colorado Faction and working in the internal campaign, and he stressed that they will win the party leadership.

Regarding his health, Podesta has high blood sugar and uric acid, two conditions that require proper attention. This was stressed by the resigning minister. [end recording]

There are two possible candidates to replace Carlos Podesta at the Interior Ministry: the current defense minister, Hugo Estigarribia; or Senator Diogenes Martinez, who is a former foreign minister in this government. [passage omitted]

Diogenes Martinez Appointed Interior Minister

PY1011175395 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1500 GMT 10 Nov 95

[FBIS Translated Excerpt] [Announcer Stella Ruffinelli] In a few seconds, Andres Caballero will again give us all the details about the oath of office administered to the new interior minister, Dr. Diogenes Martinez. Go ahead, Andres Caballero.

[Reporter Andres Caballero] I was just commenting on the swearing-in ceremony for Dr. Diogenes Martinez. We broadcast a clip on the ceremony that was headed by the president of the Republic and Vice President Angel Roberto Seifart.

I had mentioned that after about two years and four months, Dr. Diogenes Martinez rejoins the president of the Republic's cabinet. After serving for six months during President Wasmosy's initial period [as foreign minister], Martinez was the first minister in that cabinet to be replaced.

Following are some reactions to Dr. Diogenes Martinez's appointment. [passage omitted]

[Begin recording] [Police Commander Mario Agustin Sapriza] We hope to work as we did with the former interior minister, Podesta. In our opinion, we understand that things remain unchanged as we are administratively and hierarchically subordinated to the Interior Ministry.

Therefore, as a nondeliberative [no-deliberante] institution, we will follow the orders issued by the new minister.

[Caballero] Army Commander General Lino Cesar Oviedo, who initially refused, as he often has before, to voice an opinion as he is part of a nondeliberative institution of the Armed Forces; but he actually gave his opinion and said he trusts that Dr. Diogenes Martinez will be a good minister.

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[Oviedo] I cannot voice any opinions. As you are aware, we belong to a nondeliberative institution. I especially cannot voice an opinion on a ministry that has no jurisdiction over the Army. Nevertheless, I am sure that he will do his job. All of us are aware of the fact that he is a capable, knowledgeable, and willing person. He should be a good minister. I am very confident. [end recording]

Peru

Andrade Defeats Yoshiyama in Lima Mayoral Race

PA1211231395 Madrid EFE in Spanish 2124 GMT 12 Nov 95

[FBIS Translated Text] Lima, 12 Nov (EFE) — Jaime Yoshiyama, government candidate for mayor of Lima, conceded his defeat today by independent Alberto Andrade, virtual winner of the Lima municipal elections.

Immediately after hearing of the unofficial results, which were broadcast on the major television networks, Yoshiyama admitted his defeat to reporters and then went to personally congratulate Andrade.

According to election results, Andrade, leader of the independent We Are Lima Movement, defeated Yoshiyama, candidate of the ruling Change 90 Party, by a margin of 8 to 12 percentage points.

The virtual mayor-elect, Andrade, and Yoshiyama, posed for reporters in Andrade's home, holding their hands up high and later embracing one another.

"I have come to congratulate Alberto, to wish him success in his efforts as Lima mayor and to offer all of our support to his municipal government," the defeated candidate stated.

Andrade expressed his appreciation for "the gentlemanly and democratic attitude" of Yoshiyama, whom he thanked for the support offered.

"We will work together, and we are going to work as a single team for Lima, the councilmen of Change 90 and those of We are Lima," the virtual mayor-elect stated.

Moments before, in his first public statements after being declared winner by the polls, Andrade said that "tomorrow," he will begin to work to solve the problems of the Peruvian capital.

"We will work together, with President Fujimori, along with the people, the Congress, and the judicial branch to make Lima a clean and orderly city," he stated.

The Peruvian municipal elections were held throughout the country, but political attention was centered on Lima, because the this mayoral post is considered a stepping stone to the presidency of the nation, since one-third of the country's voters live in the capital.

There was also special interest in the election because Fujimori had fully supported Yoshiyama and risked facing this defeat, which is the first one he has suffered since 1990.

Accord To Promote Confidence Signed With Ecuador

PY0911134695 Lima America Television Network in Spanish 0100 GMT 9 Nov 95

[FBIS Translated Text] Peruvian Deputy Foreign Minister Jorge Voto Bernales and his Ecuadoran counterpart Marcelo Fernandez de Cordova today signed an agreement to promote measures of confidence implemented by the governments of the respective countries as a sign of the progressive normalization of their bilateral relations.

The agreement provides for the gradual incorporation of Peruvian and Ecuadoran military officers to the Mission of Military Observers and the implementation of the security manual that includes nonaggression commitments between land patrols as well as providing logistic support in cases of epidemics or disasters.

The agreement was signed during the regional conference being held in Santiago, Chile.

Tudela Says Demilitarized Zone Agreements 'Stabilized'

PY1011030095 Madrid EFE in Spanish 0107 GMT 8 Nov 95

[FBIS Translated Text] Lima, 8 Nov (EFE) — Peruvian Foreign Minister Francisco Tudela said today that the agreements on the demilitarized zone on the Peruvian-Ecuadoran border region "are stabilized."

The demilitarized zone, encompassing the border region over which the two countries engaged in a war from 26 January to 28 February, was established by Peru and Ecuador three months ago within the framework of a peace process that started in March.

The peace process is implemented by the multinational Military Observers Mission [MOMEP] of the guarantor countries (comprising Argentina, Brazil, Chile and the United States) established by the 1942 Rio de Janeiro Protocol, which determined the Peruvian-Ecuadoran borders.

Peru and Ecuador established in October the "security manual" containing a group of measures aimed at increasing mutual confidence and the strengthening of

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friendship ties between security forces in the demilitarized area.

Tudela said that the steps that have been adopted up to now in the detente process and the normalization of bilateral ties "are highly positive."

In a statement to the press, Tudela said that he will hold with Ecuadoran Foreign Minister Galo Leoro whatever meetings are necessary to broach those issues referred to in the pacification process.

He added that Leoro will travel to Lima in December, but that he will be in Lima on the occasion of the Amazon Cooperation Treaty meeting.

Dollar Surge Causes 'Unrest' in Peruvian Markets

PY0911154195 Madrid EFE in Spanish 1552 GMT 8 Nov 95

[FBIS Translated Text] Lima, 8 Nov (EFE) — The unexpected increase in the dollar exchange rate in Peruvian markets has caused unrest in this country due to the fact, according to economists, that the exchange of this currency remained unchanged "for too long."

On 7 November, the rate jumped from an average 2.28 soles per dollar to 2.32 soles, after slight and gradual increases from 2.25 up to 2.27 soles per dollar throughout the rest of the year.

Although the increase has been comparatively small, it caused alarm due to the fact that the exchange rate had remained stable, without any sudden changes for more than three years.

The "exchange hiccup" [hipo cambiario], as the local media has called this sudden increase, was attributed by economists to "seasonal causes," such as the greater demand for dollars by enterprises to pay their foreign debts at the end of the year.

In addition to this greater demand is the withdrawal of short- term foreign investments, especially from the Lima stock exchange, due to the economic crisis in Argentina and Mexico.

Economist Miguel Palomino asserted that the "alarm caused is, in fact, positive because it confirms that the economy has become stable because five years ago similar increases in the dollar rate were everyday occurrences."

Palomino said that "it is also important that the exchange rate, which is too low, increased by the influence of the market without the Central Bank's intervention.

He also explained that the increase in the dollar rate benefits the Peruvian economy "because it will give exports and the production of national goods more value which, in turn, will increase the salaries of the Peruvian people."

"As long as the dollar increase is gradual, without great changes, it will be for the benefit of the country," he said after pointed out that the government has the "financial tools" to prevent these great increases from affecting the market.

President Comments on Dollar Rate

PY0911133995 Lima America Television Network in Spanish 0100 GMT 9 Nov 95

[FBIS Translated Excerpt] Today President Alberto Fujimori dedicated the repaired portion of Central highway between Santa Anita and Ricardo Palma. [passage omitted]

In the afternoon Fujimori inspected paving work being carried out in Piedreliza, where he referred to the recent increase of the dollar rate. [passage omitted]

Although he chose not to make any comments to the media, at the insistence of journalists he said that the dollar exchange rate will be ruled by the supply-and-demand principle.

The president also said that the increase experienced by the dollar exchange rate so far amounts to 2 percent and that the intervention of the BCR [Central Reserve Bank] would only be justified if the increase were significant.

Venezuela

Reportage on Discussion of Border Issues With Colombia

Official Views Border Demarcation

PA0911153595 Caracas Venezolana de Television Network in Spanish 0200 GMT 9 Nov 95

[FBIS Translated Text] In order to discuss issues of common interest for Venezuela and Colombia, the neighboring nation's defense minister, Juan Carlos Esguerra, visited our country on 8 November. He will meet with his Venezuelan counterpart, Moises Orozco Graterol, for four days in order to exchange opinions on border problems and their likely solutions.

During these conversations, they will insist on the collaboration Venezuela has requested from Colombia regarding a larger presence by their troops at the border, specifically in those places where the guerrillas, smugglers, kidnappers, and drug traffickers operate.

[Begin Esguerra recording] The objective is to determine how to have a larger and more effective presence by the military and police forces of both Colombia and

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Venezuela at the border region to ensure that we will be able to prevent the differences, friction, and problems that have been occurring lately. [end recording]

Meanwhile, Venezuelan Defense Minister General Orozco stressed that he disagrees with an alleged compensation to those poppy growers who were evicted from the Perija mountain range.

[Begin Orozco recording] I believe that at any given time, an individual who is violating not only the Venezuelan laws, but also the Colombian laws, because it has been clearly determined that whoever grows poppy or is involved in the process of making drugs must be sentenced. [sentence as heard] I do not believe we could talk about indemnifying a criminal. [end recording]

In the meantime, the increase in the number of boundary stones is imminent at the border with Colombia. However, Deputy Foreign Relations Minister Milos Alcalay said that we still cannot determine an exact amount to start the process. Pedro Prado filed a report:

[Prado] The Foreign Ministry has not scheduled this border operation yet; therefore, it cannot be decided that 200 millions [currency not specified] are needed to make the demarcation tangible, especially near the Perija mountain range. Alcalay explained that we have to await the works to increase the number of boundary stones the Colombian-Venezuelan technicians will start carrying out to determine what amount of resources is required for this task, the expenses of which must be shared with Colombia.

[Begin unidentified speaker recording] This is usually the case. The two parties meet and determine what sections must be covered by planes or helicopters from either country and what mechanisms to cover this or that section will be used. So, this is precisely the mechanism we will follow in practice. The two parties will share expenses. Of courses, the expenses the expert technicians incurs will be directly covered by their country of origin. [end recording]

[Prado] Next week, the representatives of the Border Affairs Presidential Commissions, Copaf, from Colombia and Venezuela will meet here. The meeting will be used as a guideline to perform this work pertaining to the increase in the number of boundary stones at the western border the two nations share.

Colombian, Venezuelan Ministers on Border

PA1011145595 Caracas Venezolana de Television Network in Spanish 0200 GMT 10 Nov 95

[Report by Hector Matheus]

[FBIS Translated Text] In the second day of meetings in Venezuela, Colombian Defense Minister Juan Carlos Esguerra has said his country is willing to increase border markings in areas that are still not clearly delimited.

The Colombian defense minister referred to the reciprocal interest of the two nations to work together in a complicated border area.

[Begin Esguerra recording] We are talking about a land boundary that extends approximately 2,200 kilometers. As a result, we cannot be guarding the border every meter by assigning on each side of the border a chain of soldiers who are holding hands, protecting such extensive area. [end recording]

Regarding the investigations undertaken by the Binational Commission on the incident occurred in the Perija Mountain Range between 8 and 9 October, the minister explained that these investigations have not concluded, although they are being carried out in an atmosphere of cordiality.

[Begin Esguerra recording] This is an area whose geographical, topographical, and climate characteristics are very complicated. Access to that area is very difficult. We are talking of an altitude of over 3,000 meters in some areas. We are talking about areas that are not even accessible by land from either side of the border. But we are doing all we can in order to prevent these incidents from happening in the future. [end recording]

Meanwhile, Venezuelan Defense Minister Moises Orozco Graterol stated his views on the demarcation of border markings, which Venezuela has requested from Colombia for many years.

[Begin Orozco Grateror recording] We requested this since 1973 and 1977, when we called for the erection and establishment of border markings. This was not possible as a result of differences between the two commissions. Presently, we are awaiting that those commissions travel to the area and determine, once and for all, the real border line. [end recording]

According to Esguerra, military presence is maintained on both sides of the border, although not in every inch. He concluded it is necessary to carry out joint operations in each country to keep the enemies of Venezuela and Colombia from the no man's land.

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Foreign Ministry Highlights Problems

PA1011145795 Caracas EL NACIONAL in Spanish 7 Nov 95 p A3

[Report by Gioconda Soto]

[FBIS Translated Text] The Venezuelan Foreign Ministry has reported that it does not have the technical capability or the necessary money currently, to start a demarcation campaign and to increase the amount of boundary stones in the border with Colombia immediately. This campaign was agreed by the Venezuelan and Colombian foreign ministers, Miguel Angel Burelli Rivas and Rodrigo Pardo respectively, in a joint communique issued simultaneously in Caracas and Bogota last Saturday.

In addition to the almost 200 millions [currency not specified] required to implement such an effort, the Foreign Ministry reported that its 30 demarcation technicians are currently working at the Sierra de Parima, which borders with Brazil, and that this task will continue until 15 December.

According to several technicians consulted, the demarcation and increasing the boundary stones at the border with Colombia requires, first, the taking of aerial photographs to be able to prepare the maps of the zone. This procedure requires a prior investment of approximately 120 million bolivares. They added that only two demarcation operations can be furthered in 1996 and estimated that each operation would cost 40 millions [no currency specified] and cover up to 20 km.

The 300 million bolivares budgeted to the MRE's [Foreign Relations Ministry] General Borders Directorate does not include the demarcation and the added boundary stones at the Colombian border. Thus, the money required for this task can only be covered with an additional credit, which would have to be approved by the National Congress. The MRE did not include this task in its budget because, among other things, this project has been at a standstill since 1978.

However, official sources are confident that the parliament is favorable to the issue and this has even been commented by Foreign Minister Burelli himself.

While it awaits the technicians and the money, the MRE will initiate talks to define a strategy for the demarcation campaign. Venezuela and Colombia will present their proposals at the negotiations and will determine the areas to be delimited.

The program to be followed includes a meeting of the negotiating commission today, and a meeting of the commission with Rear Admiral Miguel Alvarez Diaz, the MRE's border director. Afer that, Alvarez Diaz will talk with the sovereignty director of the Colombian Foreign Ministry. The latter will probably occur during the presidential border commission's meeting to be held in Puerto La Cruz on 16 and 17 November.

Venezuela and Colombia share a 1.219 km border, which is mostly delimited. However, there are sectors that have still not been marked.

According to Yellow House [the Foreign Ministry headquarters] sources, Venezuela's proposal could be focused on delimiting the area from boundary stone No. 55 at Alto del Cedro in La Guajira up to Oro river in the National Perija Mountainlands Park. This area urgently requires to be marked because Colombian poppy growers are negatively affecting it.

Another obstacle to the border demarcation is the area's insecurity due to the presence of guerrillas and drug traffickers. This obstacle has to be overcome and could significantly increase the costs of the demarcation campaign, the sources commented.

President Comments on Agreements With Uruguay

PA1111222795 Caracas Venezolana de Television Network in Spanish 0200 GMT 10 Nov 95

[FBIS Translated Text] After a 72-hour visit to Uruguay, Venezuelan President Rafael Caldera has ended a six-day tour to the southern cone. He achieved auspicious agreements with Argentina, Uruguay, and the other members of the Group of 15. Among such achievements, it is expected that our country will join Mercosur [Common Market of the South], and thus, start trading with industrialized markets next year.

The idea is to turn Uruguay into the gateway for our petroleum products. In regard to this important development, President Caldera pointed out the need to help achieve greater integration between the Andean Pact and Mercosur, because they are the two most important subregional organizations of South America:

[Begin Caldera recording] Intraregional commerce has been greatly favored in recent times [words indistinct] in this integration process [words indistinct]. [end recording]

The president commented on the feasibility of eliminating the visa requirement between Uruguay and Venezuela in view of the excellent relations that exist between the two countries. At this southern country's Supreme Court, President Caldera was welcomed with full honors, and amid the architectural solemnity of this Uruguayan building, he referred to the importance of being a judge and of administering justice.

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[Begin Caldera recording] There is no doubt that many countries are facing a worrisome situation with regard to the administration of justice, which is a basic element of the state of law. In our country, where there are learned, honest, and hard-working judges, there are also events that disturbed juridical normalcy, and that make us feel the need to establish mechanisms to prevent irremovability, which is an indispensable principle to ensure the autonomy and smooth operation of the Judicial Branch, from becoming an instrument to commit abuses that could seriously damage the [word indistinct] of our countries. [end recording]

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